

March 20, 2023

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

Attention: **MS. ALEXANDRA D. TOM WONG**
Officer in Charge, Disclosure Department

Subject: **Submission of SEC 20-IS Preliminary Information Statement**

Dear Ms. Tom Wong,

Relative to the submission of the SEC 20-IS Preliminary Information Statement, we hereby submit the following documents:

1. Cover letter attached to the online submission of SEC 20-IS Preliminary Information Statement
2. Undertaking executed by the Controller on the payment of filing fee
3. Cover Sheet
4. SEC 20-IS Preliminary Information Statement with signatures of Corporate Secretary (in pdf format) with the following components (in compliance with **SRC Rule 20** and **Revised SRC Rule 68**):

I	Preliminary Information Statement and Management Report
Annex A	Audited Financial Statements as of December 31, 2022 and 2021 and for the Years Ended December 31, 2022, 2021 and 2020; and Independent Auditor's Report
	Supplementary Schedules
	<ul style="list-style-type: none"> • Reconciliation of retained earnings available for dividend declaration • Map showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, wherever located or registered • Supplementary schedules as required by Revised SRC Rule 68 - Annex 68- J • Schedule of financial soundness indicators
Annex B	SEC Form 17-C
Annex C	Certification of Independent Directors
Annex D	List of Stockholders as of Record Date 10 March 2023

We hope that you will find everything in order.

Thank you very much.

Very truly yours,



Leah M. Zamora
Controller and Finance Group Head
lmzamora@psbank.com.ph / 02-88858816

PHILIPPINE SAVINGS BANK
(COMPANY'S NAME)

PSBANK CENTER
777 Paseo de Roxas cor. Seden St. Makati City
(COMPANY'S ADDRESS)

8885-82-08
(TELEPHONE NUMBER)

DECEMBER 31
(FISCAL YEAR ENDING MONTH & DAY)

SEC Form 20-IS
(FORM TYPE)

March 20, 2023
(PERIOD ENDED DATE)

Government Securities Eligible Dealer
(SECONDARY LICENSE TYPE AND FILE NUMBER)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20- IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

- | | | |
|------------|--|--|
| 1. | Type of Statement | <input checked="" type="checkbox"/> Preliminary Information Statement
<input type="checkbox"/> Definitive Information Statement |
| 2. | Name of Registrant as specified in its character | PHILIPPINE SAVINGS BANK |
| 3. | Province, country or other jurisdiction or incorporation or organization | Manila, Philippines |
| 4. | SEC Identification No. | 15552 |
| 5. | BIR Tax Identification No. | 000-663-983-000 |
| 6. | Address of principal office & Postal Code | PSBank Center, 777 Paseo de Roxas
corner Sedeño Sts., Makati City
1226 |
| 7. | Registrant's Telephone No. including area code | (632) 8885- 8208 |
| 8. | Date, time, and mode of conduct of meeting of security holder | April 27, 2023 at 3:00 PM
Virtual meeting via secure online
meeting platform (CISCO WEBEX) |
| 9. | Approximate date on which the Information Statement is first to be sent or given to security holders | April 3, 2023 |
| 10. | In case of Proxy Solicitations
Name of Person Filing the Statement
Address and Telephone Number | Not Applicable
Not Applicable |
| 11. | Securities registered pursuant to Section 4 and 8 of RSA (information on number of shares and amount is applicable only to corporate registrant) | Common Shares
426,859,416 outstanding
as of February 28, 2023 |
| 12. | Are any or all of registrant's Securities listed on the Philippine Stock Exchange | Yes |



Notice is hereby given that the annual meeting of stockholders of the Philippine Savings Bank (PSBank) will be held on **April 27, 2023, Thursday, at 3:00 P.M.** In order to ensure the safety and welfare of our stockholders, the meeting will be conducted virtually via secure online meeting platform (**CISCO WEBEX**) to pass upon the following matters:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on April 25, 2022
4. Presentation of the President's Report and the PSBank's 2022 Audited Financial Statements
5. Confirmation of All Acts of the Board of Directors, Management and All Committees
6. Election of the Members of the Board of Directors
7. Appointment of the External Auditor
8. Other Matters
9. Adjournment

Stockholders of record as of March 10, 2023 shall be entitled to vote at the Meeting.


Perfecto Ramon Z. Dimayuga, Jr.
Corporate Secretary

Stockholders who intend to participate or be represented in the virtual meeting shall first submit the following via email to psbasm@psbank.com.ph not later than April 13, 2023, subject to validation procedures, to gain access to the secure online meeting link:

- Letter of Intent (LOI) to participate by remote communication and vote in absentia
- Duly accomplished proxy instrument for a representative to the virtual meeting, as applicable
- Copy of proof of identity, ownership and other certification/information for validation purposes

Once validated, a confirmation along with access credentials to the secure online meeting link shall be sent to the stockholder's email as provided. For reference and other details, please go to <https://www.psbank.com.ph/annual-stockholders-meeting-2023/>.

The Information Statement (IS) containing the attendance/voting (via remote communication) and nomination/election procedures, along with the Notice and Agenda, Proxy and other ASM-related information can be accessed through any of the following options:

1. Go to the PSBank website via this ASM link:
<https://www.psbank.com.ph/annual-stockholders-meeting-2023/>
2. Go to the PSE EDGE portal via <https://edge.pse.com.ph>
3. Request for a copy by sending an email to psbasm@psbank.com.ph

Philippine Savings Bank Head Office: 777 Paseo de Roxas corner Sedeño St., 1226 Makati City

The meeting proceedings shall be recorded in audio and video format and shall be made available in a secured manner to stockholders upon request by sending an email to psbasm@psbank.com.ph. For ASM-related matters, please go to <https://www.psbank.com.ph/annual-stockholders-meeting-2023/>. For ASM-related queries, please send an email to psbasm@psbank.com.ph or contact the Office of the Corporate Secretary at 8885-8208 local 8180/8535. For account updating/validation concerns, please get in touch with PSBank's Stock Transfer Agent, Metrobank Trust Banking Group (Attention: Ma. Kristina Lara S. Reyes or Ma. Annette Valene A. Bautista), through 857-5694 to 95 or via email to kris.reyes@metrobank.com.ph or annette.bautista@metrobank.com.ph.

EXPLANATION AND RATIONALE OF AGENDA ITEMS

1. Call to Order

The Chairman will welcome stockholders and guests to formally begin the 2023 Annual Stockholders' Meeting of PSBank.

2. Certification on Notice and Quorum

The Corporate Secretary will certify that the Notice of Meeting has been duly sent and circulated via appropriate disclosures and publications pursuant to the regulations of the Securities and Exchange Commission (SEC) for the purpose of informing the stockholders of record. The Corporate Secretary will further announce whether or not a quorum is present constituting two-thirds of the outstanding capital stock.

3. Approval of the Minutes of the Annual Stockholders' Meeting held on April 25, 2022

The stockholders will be requested to approve the minutes of the Annual Stockholders' Meeting held on April 25, 2022, which contain, among others, the (a) Annual Report to Stockholders, (b) Confirmation of all acts of the Board of Directors, Management and all Committees, (c) Election of the members of the Board of Directors and (d) Appointment of the External Auditor.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution approving the minutes of the April 25, 2022 Annual Stockholders' Meeting.

4. Presentation of the President's Report and the PSBank's Audited Financial Statements (AFS) as of December 31, 2022

The President will render his Annual Report on the Bank's activities, business and financial performance in 2022. It includes the summary of the AFS which is incorporated in the Definitive Information Statement for dissemination to stockholders of record within prescribed period and in a manner pursuant to the SEC rules. Due to logistical limitations of the meeting conducted virtually, voting and open forum/discussion will not be possible during the virtual meeting. However, a stockholder, once validated/registered, will be given an opportunity to raise any relevant questions or express an appropriate comment limited to the agenda items by sending an email to psbasm@psbank.com.ph not later than April 21, 2023 in order to be noted and addressed accordingly.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution noting and approving the President's Annual Report for 2022 and the Bank's Audited Financial Statements as of December 31, 2022.

5. Confirmation of all Acts of the Board of Directors, Management and All Committees in 2022

The stockholders will be requested to confirm all acts, transactions and resolutions of the Board of Directors, including transactions with the Bank's DOSRI and other related parties, Management and all Committees during the year 2022.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution confirming the acts of the Board of Directors and all Committees during the year 2022.

6. Election of the Members of the Board of Directors

The Corporate Governance Committee will present nominees for election as members of the Board of Directors, including independent directors. This is in compliance with regulatory requirements of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission on the nomination of directors, and upon review and evaluation by the Corporate Governance Committee of the qualifications of all persons nominated to the Board.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution for the election of the members of the Board of Directors, including independent directors, for 2023-2024.

7. Appointment of the External Auditor

As endorsed by the Audit Committee and approved by the Board of Directors, the stockholders will be requested to confirm the appointment of the selected External Auditor for 2023.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution for the appointment of said auditing firm as independent external auditor of the Bank for 2023.

8. Other Matters

Other relevant matters or issues may be taken up during the meeting. Any relevant questions or comments received by the Office of the Corporate Secretary via email within the prescribed period given to registered stockholders shall be acknowledged, noted and addressed accordingly.

9. Adjournment

Upon determination that there are no other matters to be considered, the Chairman shall declare the meeting adjourned. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to psbasm@psbank.com.ph.

PROXY

I, _____ do hereby nominate, constitute and appoint _____ as my proxy and representative at the Annual Meeting of Stockholders of Philippine Savings Bank (PSBank) to be held on **April 27, 2023**, with authority to participate in the deliberations thereof, and to vote in my behalf all the shares standing in my name for the election of directors and/or approval of transactions included in the Agenda or any related matter or any adjournment thereof.

In witness whereof, I have signed on _____ (date) at _____ (place).

Name of Stockholder : _____

Signature : _____

This form is being provided for your convenience. Stockholders who wish to do so may adopt the above proxy form.

In case you cannot attend the virtual meeting and you wish to be represented, you may designate your authorized representative by submitting a proxy instrument on or before April 13, 2023 via email to psbasm@psbank.com.ph. If so preferred or if no name is indicated, the Chairman of the Meeting shall act as the proxy.

THIS PROXY FORM NEED NOT BE NOTARIZED.

PART I. INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date : April 27, 2023, Thursday
Time : 3:00 PM
Platform : Virtual meeting via secure online meeting platform (CISCO WEBEX)

Mailing address of the principal office:
PSBank Center
777 Paseo de Roxas cor. Sedeño St., Makati City 1226

Approximate date on which copies of the Information Statement are first to be given to security holders:
April 3, 2023

<p style="text-align: center;">WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.</p>

Item 2. Dissenters' Right of Appraisal

There is no matter or proposed action in the Agenda which may give rise to the exercise by the security holders of their right of appraisal. Generally, however, the right of appraisal should be exercised in instances and in accordance with the procedures mentioned in the Sec. 80-82 and other applicable sections of the Revised Corporation Code of the Philippines.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

Item 3. Interests of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election to office, there is no matter to be acted upon in which any director, executive officer, or nominee for election as director (or any associates of the foregoing), is involved or has a direct, indirect or substantial interest. There is also no incumbent director who has informed the Bank in writing that he intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a) No. of Shares outstanding as of February 28, 2023 : **426,859,416 Common Shares**
 No. of votes to which each share is entitled : **one (1) vote per share**
- b) Record date to determine stockholders entitled to Notice and to vote at the regular meeting : **March 10, 2023**
- c) Election of Directors:

Majority vote is required for the election of directors. Security holders shall have the right to cumulative voting. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in the name of that security holder in the books of the Bank as of the record date multiplied by the whole number of directors to be elected. There is no condition precedent to the exercise of the right to cumulative voting.

d) Arthur V. Ty is the person authorized to vote the MBTC shares in PSBank.

e) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of February 28, 2023, the following stockholder owns more than 5% of the common voting securities:

Title of Class	Name, address of Record Owner and relationship with issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Stock	Metropolitan Bank and Trust Company Metrobank Plaza, Gil Puyat Avenue, Makati City 1200 (Parent Company of PSBank)	Arthur V. Ty, Chairman of Metrobank	Filipino	377,279,068	88.38%

There is no person who holds more than 5% of the Bank's securities lodged with PCD Nominee Corporation.

(2) Security Ownership of Directors and Management

As of February 28, 2023, the following directors and management** as a group held a total of 4,459,642 common voting securities, broken down as follows:

Title of Class	Name of Stockholder	Position	Citizenship	No. of Shares	% of Ownership
Common stock	Jose T. Pardo	Chairman / Independent Director	Filipino	2,063	0.00048%
Common stock	Arthur V. Ty*	Vice Chairman	Filipino	129	0.00003%
Common stock	Vicente R. Cuna, Jr.	Vice Chairman	Filipino	111	0.00003%
Common stock	Rosanna F. De Vera	Director	Filipino	111	0.00003%
Common stock	Maria Soledad D.S. De Leon	Director	Filipino	4,456,795	1.04409%
Common stock	Jose Vicente L. Alde	Director/President	Filipino	111	0.00003%
Common stock	Samson C. Lim	Independent Director	Filipino	111	0.00003%
Common stock	Francisco S. Magsajo, Jr.	Independent Director	Filipino	100	0.00002%
Common stock	Eduardo A. Sahagun	Independent Director	Filipino	111	0.00003%
Aggregate Shareholdings of Directors and Management** as a Group				4,459,642	1.04476%

* Includes 18 shares lodged with PCD Nominee Corp.

** Except for the above-mentioned list which included Mr. Jose Vicente L. Alde as Director and President, there are no other officers holding PSBank shares.

(3) Voting Trust Holders of 5% or more

There is no person who holds more than 5% of the Bank's securities under a voting trust or similar agreement.

(4) Changes in Control

There is no arrangement that may result in a change in control of the registrant. There is no change in control that has occurred since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

a. Directors

The following are the Directors for 2022 – 2023:

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
<p>Jose T. Pardo Chairman/ Independent Director</p>	<p>83</p>	<p>Filipino</p>	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Chairman since Jan 2003/ Independent Director since May 2007, Philippine Savings Bank* • Chairman and Independent Director, Philippine Seven Corporation* since 2015 • Chairman and Independent Director, Philippine Stock Exchange* since 2011 • Chairman and Independent Director, Securities Clearing Corporation of the Philippines since 2011 • Chairman of Board of Advisers, Bank of Commerce since 2022 • Director (Non-executive), National Grid Corporation of the Philippines since 2009 • Independent Director, JG Summit Holdings, Inc.* since 2003 • Director, Radio Veritas Global Broadcasting System Inc.since 2006 • Independent Director, Araneta Hotels, Inc.(Novotel) since 2016 • Independent Director, League One Finance and Leasing Corporation since 2016 • Independent Director, Del Monte Philippines, Inc. since 2018 • Chairman (Non-Executive) , ECOP Council of Business Leaders since 2009 • Chairman (Non-Executive), PCCI Council of Business Leaders since 2007 • Director and Board of Trustees, Bayaning Pulis Foundation since 2022 • Chairman and Board of Trustees, Philippine Stock Exchange Foundation since 2021 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Chairman, Bank of Commerce from 2011 to 2022 • Non – Executive Director, Monte Oro Grid Resources Corporation (Non – operational) 2016 to 2021 • Independent Director, Synergy Grid and Development Philippines, Inc. (Non-Operational) from 2014 to 2021 • Chairman, De La Salle University Inc. from 2011 to 2017 • Chairman, Assumption (Antipolo) from 2002 to 2016 • Chairman, EDSA People Power Commission from 1999 to 2001 • President, Philippine Seven Corporation* (Philippine Area Licensee of 7- Eleven, USA) • Chairman, Wenphil Corporation (Philippine Area Licensee of Wendy’s, USA) • Chairman, Asian Holdings Corporation • President, Land and Housing Development Corporation 	<p>None</p>

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> • Chairman/President, ABC Development Corporation (ABC-5) in 2004 • Chairman, Philippine Franchise Association • Director, San Miguel Purefoods, Inc. • Director, GMA Network Inc. (Channel 7) • Director, Metropolitan Bank and Trust Company* (Metrobank) • Director, Mabuhay Philippine Satellite Corporation in 2001 • Director, Coca - Cola Bottlers Philippines, Inc. <p><u>Past experiences/ Positions held in Government Service</u></p> <ul style="list-style-type: none"> • Cabinet Secretary, Department of Finance (DOF) from 2000 to 2001 • Cabinet Secretary, Department of Trade and Industry (DTI) from 1998 to 1999 • Governor for the Philippines, Asian Development Bank from 1991 to 2000 • Alternate Governor for the Philippines, International Monetary Fund in 2000 • Governor, International Fund for Agricultural Development (IFAD) in 2000 • Chairman, Committee on Privatization (COP) from 2000 to 2001 • Chairman, Philippine Deposit Insurance Co. (PDIC) from 2000 to 2001 • Chairman, Trade and Investment Development Corp. from 1998 to 1999 • Vice Chairman, Economic Coordinating Council (ECC) from 1999 to 2000 • Member, Bangko Sentral Monetary Board from 1998 to 2001 • Chairman, Philippine Business Center Inc. from 2011 to 2019 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Master's Degree in Business Administration- First graduate under the Harvard- DLSU Advisory Program, De La Salle University Manila, Philippines • BS Commerce, Major in Accounting, De La Salle University Manila, Philippines • Doctor of Science in Finance, Honoris Causa De La Salle University, Manila Philippines • Doctor of Humanities, Honoris Causa, Gregorio Araneta University Foundation • Honorary Doctorate, Academy of Multi-Skills, United Kingdom 	
Arthur V. Ty Vice Chairman	56	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Vice Chairman, Philippine Savings Bank* since 2001 • Chairman, Metropolitan Bank & Trust Company* since 2012 • Senior Adviser, First Metro Investment Corporation since 2020 • Director, Federal Land, Inc. since 2006 • Chairman, Great Mark Resources Corp. since 2006 • President/ Director, Horizon Royale Holdings, Inc. since 2000 • Chairman, Metrobank Foundation, Inc. since 2019 • President, Philippine Securities Corp. since 2003 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> • Director, Philippine Securities Corp. since 1996 • Director, Grand Titan Capital Holdings, Inc. since 2007 • Director, GT Capital Holdings, Inc. since 2007 • Chairman, Grand Titan Capital Holdings, Inc. since 2008 • President/ Chairman, Nove Ferum Holdings, Inc. since 2009 • Chairman/President, Jam Holdings Inc. since 2022 • Chairman, Metropolitan Bank (China) Ltd. since 2009 • Chairman/Director, Ferum Cee Inc. since 2011 • Chairman, GT Foundation Inc. since 2019 • Trustee, GT Foundation Inc. since 2009 • Vice Chairman, Philippine AXA Life Insurance since 2017 • Director, Philippine AXA Life Insurance since 2016 • Chairman / President, Milgen Holdings Inc. since 2016 • Trustee, Metrobanker Foundation Inc. since 2007 • Trustee, Norbertro & Tytana Ty Foundation Inc. since 1994 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • President, Philippine Savings Bank* from 2000 to 2001 • President, Metropolitan Bank & Trust Company* from 2006 to 2012 • Vice Chairman, Great Mark Resources Corp. from 2012 to 2015 • Chairman, Great Mark Resources Corp. from 2006 to 2012 • Director, Global Business Power Corporation from 2009 to 2012 • Vice Chairman, GT Capital Holdings Inc.* from 2014 to 2016 • Chairman, GT Capital Holdings Inc.* from 2012 to 2014 and from 2016 to 2022 • Director, Cathay Int'l Resources Corp. from 2005 to 2012 • Vice Chairman, Cathay Int'l Resources Corp. from 2006 to 2012 • Director, AXA Philippines from 2016 to 2017 • Vice Chairman, Metrobank Foundation, Inc. since 2006 to 2018 • Chairman, Manila Medical Services, Inc. from 2017 to 2019 • Vice Chairman/ Director, First Metro Investment Corporation since 2012 to 2020 • Chairman/ Director, Global Treasure Holdings Inc. since 2006 to 2019 • Vice Chairman. Charter Ping An Insurance Corp. from 2018 to 2022 • Chairman, GT Capital Holdings Inc.* from 2016 to 2022 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • MBA, Columbia University • BS Economics, University of California Los Angeles 	
Vicente R. Cuna, Jr. Vice Chairman	61	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Vice Chairman, since 2018 / Director since 2013, Philippine Savings Bank* 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> • Director, Metropolitan Bank and Trust Company* since 2014 • Senior Executive Vice President, Enterprise Services Sector – Metropolitan Bank and Trust Corporation* since 2018 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Chairman, ORIX Metro Leasing & Finance Corporation from 2016 to 2022 • Chairman, ORIX Auto Leasing Philippines Corporation from 2016 to 2022 • Chairman, ORIX Rental Corporation from 2016 to 2022 • Chairman, OMLF International Trading Development Corp. from 2016 to 2022 • Chairman, OMLF Insurance Agency, Inc. from 2016 to 2022 • President, Philippine Savings Bank* from 2013 to 2018 • Senior Executive Vice President/Head, Metrobank* – Institutional Banking Sector from 2012 to 2013 • Executive Vice President/Head, Metrobank* – Corporate Banking Group from 2006 to 2012 • Adviser, Metropolitan Bank and Trust Company* from 2007 to 2009 • Director, FMIC from 2011 to 2015 • Chairman, Metro Remittance Center, Inc. (California) from 2010 to 2013 • Vice Chairman, Metro Remittance Center Inc. (U.S.A) from 2010 to 2013 • Chairman, Metro Remittance Inc. (Canada) from 2010 to 2013 • Vice Chairman, MB Remittance Center Ltd. (Hawaii) from 2010 to 2013 • Vice Chairman, PSBank* from 2009 to 2011 • Director, Asia Pacific Top Mgt., Int'l., Resources Corp. from 2008 to 2013 • Adviser, FMIIC-HK from 2006 to 2008 • Director, SMBC Metro Investment Corp. from 2006 to 2009 • Vice - President, Citibank Manila from 1995 to 2006 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Pursued further studies (MBA) at the Ateneo de Manila Graduate School of Business • AB Economics, De La Salle University Manila 	
Samson C. Lim Independent Director	74	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • AB Economics, De La Salle University Manila • Independent Director, Philippine Savings Bank* since 2008 • Chairman, BLIMS Lifestyle Group (BLG) since 2013 • Chairman, Collins International Trading Corp. since 1977 • Chairman, Francorp Philippines since 1996 • President, Canadian Tourism & Hospitality Institute since 2011 • Chairman Emeritus/ International Relation, Philippine Franchise Association since 2005 • Chairman Emeritus, Philippine Retailers Association since 2000 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> • Chairman for Tourism and Franchising, Philippine Chamber of Commerce and Industry since 2022 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Chairman for Tourism, Retail and Franchise, Philippine Chamber of Commerce and Industry from 2020 to 2021 • Director for Tourism, Retail and Franchise, Philippine Chamber of Commerce and Industry from 2018 to 2019 • President, LG Collins Electronics Philippines, Inc. from 1988 to 1999 • Vice Chairman for Asia, World Franchise Council from 2001 to 2002 • Chairman, Federation of Asian Retailers Association (FARA) from 1992 to 1993 • Founding Member, Institute of Corporate Governance in 1999 • President and Adviser, Philippines - Korea Economic Council from 1987 to 1999 • Director, USAID - Trade and Investment Policy Analysis and Advocacy in 1992 • Director, Chamber of Furniture Industries of the Philippines in 2001 <p><u>Past experiences/ Positions held in Government Service</u></p> <ul style="list-style-type: none"> • Undersecretary and General Manager, Department of Trade and Industry- National Dev't Company (NDC) from 1999 to 2000 • Chairman, First Cavite Industrial Estate from 1999 to 2000 • Philippine Representative, ASEAN Fertilizer Corp (Ventulu) from 1999 to 2000 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Master 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 • BS Liberal Arts, Cum Laude, Ateneo de Manila University 	
Jose Vicente L. Alde Director/President	56	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • President since April 2018, Philippine Savings Bank* • Director since 2016, Philippine Savings Bank* • Chairman/Director, Sumisho Motor Finance Corporation since 2016 • Director, Metropolitan Bank and Trust Corporation*since 2022 • Trustee, Chamber of Thrift Banks since 2020 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Trustee/ Trustee-in-Charge from 2020 to 2021, ELECOM Member from 2018 to 2021, Chamber of Thrift Banks • Executive Vice President from July 2010-April 2018, Philippine Savings Bank* • Senior Vice President from 2007 – June 2010, 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<p>Philippine Savings Bank*</p> <ul style="list-style-type: none"> • Director, Metrobank Card Corporation from 2015 to 2016 • Vice President, ABN AMRO BANK from 1999 to 2007 • Assistant Vice President, ABN AMRO BANK from 1995 to 1999 • Business Development Manager, Household Development from 1993 to 1994 • Key Account Manager, Johnson and Johnson from 1992 to 1993 • Computer Programmer, World Health Organization from 1988 to 1990 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Master in Business Management, Asian Institute of Management • Bachelor of Computer Science, University of the Philippines, Diliman, Quezon City 	
Ma. Soledad D.S. De Leon Director	64	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Director, Philippine Savings Bank* since 2016 • Chairman/ Treasurer, Casa Medica Inc. since 1995 • Chairman/ Treasurer, SODEL Milling Corp. since 1995 • President/ Treasurer, SODEL Realty, Inc. since 1995 • Director, Candelaria Rural Bank since 2017 • Director, St. Patrick College since 2002 • Director, Yaman Lahi Foundation Inc. (Emilio Aguinaldo College) since 1993 • Director, University Physician Services Inc. since 1993 • Director, Property Holdings, Inc. since 1993 • Director, Hospital Management Services Inc. (Medical Center Manila) since 1993 • Director, The Pearl Manila Pearl of the Orient & Seas Hotel & Recreational Resort, Inc. since 1993 • Vice President /Treasurer, Fil - Homes Realty Development Corp. since 1993 • Vice President, Lipa Golden Land Development Inc. since 1994 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Consultant, Candelaria Rural Bank from 2016 to 2017 • Vice President/ Treasurer, Candelaria Rural Bank since 1998 to 2016 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • International Management Studies, University of California, Los Angeles, USA • BS in Business Administration Major in Business Management, St. Paul College of Manila 	None
Eduardo A. Sahagun Independent Director	65	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Independent Director, Philippine Savings Bank* since 2017 • Chairman, Edcommerce Corporation since 2017 • President & CEO, Union Galvasteel Corporation since 2017 • Director, Union Galvasteel Corporation since 2010 • President & CEO, Phinma Solar Energy Corporation 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<p>since 2017</p> <ul style="list-style-type: none"> • President & CEO, Philcement Corporation since 2017 • Board of Trustees, Phinma Foundation Inc. since 2019 • Director, Phinma Property Holdings Corporation since 2016 • Director, T-O Insurance Brokers, Inc. since 2019 • Director, Phinma Corporation since 2021 • Director, Song Lam Cement Joint Stock Company since 2021 • Director, Cagayan De Oro College, Inc. since 2021 • Director, First Batangas Hotel Corporation since 2021 • Director, Philcement Corporation since 2022 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Director, Phinma Renewable Energy Corporation since 2017 to 2021 • Director, Holcim Philippines, Inc.* from 2010 to 2017 • President, Holcim Philippines, Inc.* from 2013 to 2017 • Chief Executive Officer, Holcim Philippines Inc.* from 2013 to 2016 • Senior Vice President –Sales, Marketing, Technical Services & Commercial, Holcim Philippines, Inc.* from 2007 - 2012 • Chief Financial Officer, Holcim Philippines, Inc.* from 2002 - 2007 • Senior Vice President –Treasurer, Bacnotan Consolidated Industries, Inc. (part of Phinma Group’s Cement Division, which was acquired by Holcim) from 1995 to 2002 • Chairman, Holcim Mining and Development Corporation from 2013 to 2017 • Director, Holcim Philippines Manufacturing Corporation from 2013 to 2017 • Member, Board of Trustees, Cement Manufacturers Association of the Philippines from 2013 to 2016 • Member, Board of Trustees, Philippine Business for the Environment, Inc. from 2014 to 2016 • Treasurer, Phinma Cement Group (Central Cement Corporation, Davao Union Cement Corporation and Hi Cement Corporation since 1995 to 2002 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Masters in Management Science, Arthur D. Little Management Education Institute, (now Hult International Business School) Boston, USA • Masters in Business Administration, Ateneo Graduate School of Business • BS Commerce , Major in Accounting, Holy Angel University • Senior Management Program, Senior Leadership Program, Managing Change Program, IMD, Switzerland 	

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
Rosanna F. De Vera Director	54	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Director, Philippine Savings Bank* since 2018 • First Vice President & Head of Commercial Credit (Metro Manila and Countryside, Metropolitan Bank & Trust Company* since 2022 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Credit Group Division Head, Metropolitan Bank & Trust Company* from 2008 to 2022 • Vice President – Team Head, Commercial Banking Group, Banco de Oro* from 2007 to 2008 • Vice President - Head of Small Business, Equitable PCI Bank from 2006 to 2007 • Assistant Vice President – Corporate Banking Group, Equitable PCI Bank from 2003 to 2006 • Senior Manager – Corporate Banking Group, Equitable PCI Bank from 2001 to 2002 • Manager – Corporate Banking Group , PCI Bank from 1999 to 2000 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • MBA (36 Units), Ateneo Graduate School of Business BSC-Accounting , University of Sto. Tomas 	Antonell S. Interino Vice President 2 nd degree relative by affinity
Francisco S. Magsajo, Jr., Independent Director	75	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Independent Director, Philippine Savings Bank*, April 2021 • Director, Philippines Veterans Bank since November since 2019 • Director, Intervest Project, Inc./Intervest Insurance, Inc. since 2019 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Independent Director, First Metro Investment Corporation from 2020 to 2021 • Independent Director, Metrobank Credit Card Corporation from 2016 to 2019 • Board Chairman, RCBC Savings Bank in 2007 • President and CEO, RCBC Unibank from 2004 to 2007 • President and CEO, RCBC Savings Bank from 1999 to 2004 • President and CEO, Philippine Export-Import Credit Corporation from 2008 to 2014 • Consultant, Allied Banking Group from 1998 to 1999 • Executive Vice President, Philippine National Bank* from 1994 to 1998 • Director, Bulawan Mining Corporation from 1996 to 1997 • Director, Passi Sugar Central from 1995 to 1997 • Director, Batangas Sugar Central from 1991 to 1997 • Managing Director, PNB International Finance HK from 1991 to 1995 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • BS Economics, Lyceum of the Philippines 	None

*Company listed at The Philippine Stock Exchange, Inc.

b) Executive Officers

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4th Civil degree
Jose Vicente L. Alde President/Director	56	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • President since April 2018 • Chairman, Sumisho Motor Finance Corporation since 2016 • Trustee, Chamber of Thrift Banks since 2020 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Director since 2016/ Executive Vice President from July 2010-April 2018, Senior Vice President from 2007 – June 2010 Philippine Savings Bank* • Director, Metrobank Card Corporation from 2015 to 2016 • Vice President, ABN AMRO BANK from 1999 to 2007 • Assistant Vice President, ABN AMRO BANK from 1995 to 1999 • Business Development Manager, Household Development from 1993 to 1994 • Key Account Manager, Johnson and Johnson from 1992 to 1993 • Computer Programmer, World Health Organization from 1988 to 1990 	None
Noli S. Gomez Executive Vice President	57	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • EVP and Head at PSBank’s* Office of the Executive Vice President since October 2019 • Director, Sumisho Motor Finance Corporation since June 2018 <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> • SVP and Head of PSBank’s* Operations Group from January 2006 – September 2019 • Chief Finance Officer at PSBank* from October 2001 to December 2005 • Head of Systems and Methods and Chief Risk Officer SAVP and VP at DBS Bank Phils., Inc. from September 1998 to October 2001 • SAVP at Southeast Asia from February 1997 to August 1998 • System Management Officer of the AVP at Bank of the Philippine Islands* from August 1996 to January 1997 • Citytrust Banking Corporation from November 1992 to July 1996 	None

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4th Civil degree
Perfecto Ramon Z. Dimayuga, Jr. Senior Vice President/Treasurer/ Corporate Secretary	61	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> • Corporate Secretary since January 2022 • Treasurer since January 2017 and Head of Corporate Services Office since April 2019 • Corporate Secretary, Sumisho Motor Finance Corp. since December 2009 <u>Past Involvements</u> <ul style="list-style-type: none"> • SVP, Chief Finance Officer and Finance Group Head, PSBank* from March 2008 to December 2016 • FVP, Chief Finance Officer and Finance Group Head, PSBank* from Jan 2006 – March 2008 • Treasurer, PSBank* from June 2002 to June 2004 • Held various treasury positions in Development Bank of Singapore (DBS) Phils., Inc., Bank of the Philippine Islands*, Mindanao Development Bank, Citytrust Banking Corp. and Rizal Commercial Banking Corp.* from 1988 to 2002 	None
Emmanuel A. Tuazon Senior Vice President	59	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP and Head of PSBank’s* Marketing Group since June 2016 <u>Past Involvements</u> <ul style="list-style-type: none"> • SVP and Head of PSBank’s* Marketing and Customer Experience Group from July 2014 – June 2016 • Senior Vice President and Chief Marketing Officer, Philippine National Bank and Allied Bank Savings from January 2008 to July 2014 • Vice President for Marketing at Security Bank from 2005 – 2008 • Vice President for Marketing, Consumer Sales and Marketing at Robinsons Bank from 2002 - 2005 • Vice President for Sales Marketing at ABN AMRO Bank from 1999 to 2002 • Vice President for Marketing at Jardine Pacific Finance from 1997 to 1999 	None
Neil C. Estrellado Senior Vice President	51	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP since 2015 and Head of PSBank’s* IT Group since 2002 <u>Past Involvements</u> <ul style="list-style-type: none"> • Held various positions in the following Banks: <ul style="list-style-type: none"> - Project Leader, Overseas Chinese Banking Corporation (OCBC), Singapore from 2001 - 2002 - Lead IT Analyst, Development Bank of Singapore from 2000 - 2001 - Manager, DBS Philippines Inc. (formerly Bank of Southeast Asia) from 1997 - 2000 - Assistant Manager, BPI* (formerly Citytrust Banking Corporation) from 1992 - 1996 - Systems Analyst, Bank of the Philippine Islands 	None

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4th Civil degree
Francis C. Llanera Senior Vice President	51	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP since October 2016 and Head of Branch Banking Group since October 2012. <u>Past Involvements</u> <ul style="list-style-type: none"> • FVP and Head of PSBank Loans Operations Group from January 2011 to October 2012 • Remedial Management Division Head from December 2007 to December 2010 • Held various positions in the following Banks: <ul style="list-style-type: none"> - Senior Manager and Credit Card Collections Head at Union Bank from May 2001 – November 2007 - Assistant Manager, Credit Risk at AIG from May 2000 – April 2001 - Assistant Cashier, Credit Card Department at Far East Bank & Trust Co from July 1993 – April 2000 	None
Jose Jesus B. Custodio Senior Vice President	63	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP since Oct 2013 and Head PSBank-Indirect Sales Channel Group <u>Past Involvements</u> <ul style="list-style-type: none"> • FVP and Group Head of PSBank*-Indirect Sales Channel Group from 2010 to 2013 • Vice President and Division Head of Dealer Sales from 2004 to 2010 • AVP and Department Head of Dealer Sales from 2003 to 2004 • Senior Manager and Department Head of Dealer Sales from 2001 to 2003 • Head of Auto Loans-Retail Sales at Citytrust Banking Corp. • Head of Fleet and Floor Stock Department at BPI Family Savings Bank 	None
Mary Jane M. Valero Senior Vice President	54	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP since December 2020 and Head PSBank-Customer Experience and Human Resources Group <u>Past Involvements</u> <ul style="list-style-type: none"> • FVP and Group Head of PSBank- Customer Experience and Human Resources Group from September 2019 to Nov 2020 • FVP and Group Head of PSBank- Customer Experience and People Development Group from January 2019 to September 2019 • FVP and Group Head of PSBank- Customer Experience Group from July 2017 to January 2019 • VP and Division Head of Customer Experience Division from November 2014 to July 2017 • VP and Division Head of Customer Service Division from February 2008 to November 2014 • VP and Division Head of Service Quality Division from August 2004 to January 2008 • AVP and Division Head of Service Quality Division from August 2002 to July 2004 • Part-Time Professor of Enderun Colleges from June 2013 to June 2014 • Front Office Manager of Mandarin Oriental Manila from January 1999 to August 2002 • Duty Manager of Westin Philippine Plaza from January 1992 to January 1999. 	None

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4th Civil degree
Leah M. Zamora Senior Vice President	49	Filipino	<p><u>Present Involvement</u></p> <ul style="list-style-type: none"> • SVP since December 2020 and Contoller and Finance Group Head of PSBank-Finance Group <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> • FVP and Contoller and Finance Group Head of PSBank-Finance Group from January 2017 to November 2020 • FVP and Division Head of Business Information Management Services Division from April 2010 to December 2016 • Held various positions in the following Banks: <ul style="list-style-type: none"> - VP, FP&A Manager of GE Money Brank from May 2006 to April 2010 - Senior Manager of Banco de Oro Universal Bank from March 2000 to May 2006 - Administrative Officer of Equitable Banking Corporation from June 1993 to June 1998 	None
Dan Jose D. Duplito Senior Vice President	48	Filipino	<p><u>Present Involvement</u></p> <ul style="list-style-type: none"> • SVP since September 1, 2022 and Chief Information Security Officer of Information Security Division <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> • FVP and Chief Information Security Officer of ISD from July 1, 2017 to August 31, 2022 • VP and Chief Information Security Officer of ISD from March 20, 2017 to June 30, 2017 • VP and Information Security Division Head from May 8, 2013 to March 19, 2017 • VP and Information Security Department Head from March 1, 2011 to May 7, 2013 • AVP and Information Security Department Head from May 1, 2007 to February 28, 2011 • Senior Manager and Information Security Department Head from March 7, 2005 to April 30, 2007 • Held various positions in the following Private Institutions: <ul style="list-style-type: none"> - Security Analyst Consultant of Total Information Management from October 1, 2003 to December 1, 2004 - Security Tester Consultant of Isentry Security Services from December 1, 2002 to March 1, 2003 - Webmaster and Linux Network Admin of Powerhomes Inc. from October 1, 2000 to October 1, 2003 - Lead Web Developer Consultant of Writer's Edge Inc. from October 1, 2003 to December 1, 2005 - Production Shift Supervisor of Steel Asia Mfg. Corp. from September 1, 1997 to July 1, 2000 	None

Name/ Position	Age	Citizenship	Experience	Relatives up to 4th Civil degree
Edeza A. Que Senior Vice President	50	Filipino	<p><u>Present Involvement</u></p> <ul style="list-style-type: none"> SVP since September 1, 2022 and Chief Risk and Sustainability Officer of Risk Management Office Director, Bankers Institute of the Phils. Inc. since July 1, 2022 <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> FVP and Chief Risk and Sustainability Officer from April 7, 2021 to August 31, 2022 FVP and Chief Risk Officer from March 1, 2016 to April 6, 2021 FVP and Chief Risk Manager from May 1, 2014 to February 9, 2016 VP and Credit Risk Manager from October 17, 2005 to April 30, 2014 Director, Bankers Institute of the Philippines from July 1, 2019 to June 30, 2022 	None

* Company listed at The Philippine Stock Exchange, Inc.

None of the Bank's directors and officers works with the government. All of the above-mentioned officers have been involved in the banking industry for more than five years.

c. Significant Employees

Except for the above-mentioned executives, there are no other significant employees as contemplated under the Securities Regulations Code.

Nomination Procedures

1. A stockholder may submit nominations for directorial positions to the Corporate Governance Committee.
2. The nominating stockholder shall submit his proposed nomination in writing to the Corporate Governance Committee together with the biodata, acceptance and conformity by the would-be nominee. In case of a nominee for the position of an independent director, the would-be nominee is also required to submit a Certification that he/she has all the qualifications and none of the disqualifications to become an independent auditor.
3. The Corporate Governance Committee shall screen the nomination of directors prior to the submission of the Definitive Information Statement and come up with the Final List of Candidates.
4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.
5. The nomination process of the Bank is incorporated in the company's amended Code of By-Laws duly approved by the Securities and Exchange Commission as early as September 27, 2006 and also in the Bank's annually updated and Board-approved Corporate Governance Manual.

The following are the members of the Bank's Corporate Governance Committee:

Name	Position
Jose T. Pardo, Independent Director	Chairperson
Samson C. Lim, Independent Director	Member
Eduardo A. Sahagun, Independent Director	Member
Gilbert L. Nunag, Chief Compliance Officer	Secretary

Nominee Directors

Name of nominees to become members of the Bank's 2023-2024 Board of Directors shall be available upon filing of the Definitive Information Statement.

Legal Proceedings

To the knowledge and information of the Bank, none of its directors and executive officers are involved or have been involved for the past five (5) years in any legal proceeding which will have material or substantial effect to the Bank, its operation, reputation, or financial condition.

To the knowledge and information of the Bank, none of its directors and executive officers have been involved or subject of the following legal proceedings during the past five (5) years up to latest date that are material to an evaluation of their ability or integrity:

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

As required under existing BSP rules and regulations, the Bank discloses loans and other credit accommodations granted to its DOSRI. These loans and other credit accommodations were made substantially on the same terms as with other individuals and businesses of comparable risks and were subject of prior BOD approval and entailing BSP reportorial requirements.

Existing banking regulations also limit the total amount of credit exposure to each of the Bank's DOSRIs, at least 70.00% of which must be secured, to the total of their respective deposits and book value of their respective unencumbered deposits and, if any, book value of their respective paid-in capital contribution in the Bank. In the aggregate, the Bank's total credit exposure to all its DOSRIs should not exceed its net worth or 15.00% of its total loan portfolio, whichever is lower, with any unsecured portion thereof not exceeding the lower between 30.00% of the aggregate limit or of the total actual exposure. However, loans and other credit accommodations to DOSRIs that are secured by assets considered by the BSP as non-risk are exempt from these ceilings. As of December 31, 2022, and 2021, the Bank's credit exposures to DOSRI are within the said regulatory limits.

BSP Circular No. 423 dated March 15, 2004, as amended by BSP Circular No. 914 dated June 23, 2016, provide the rules and regulations governing credit exposures to DOSRI. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to BSP Circular No. 423 and new DOSRI loans and other credit accommodations granted under said circular as of December 31, 2022 and 2021 (in thousands):

	2022		2021	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	₱199,011	₱1,154,011	₱201,380	₱1,166,380
Percent of DOSRI/Related Party loans to total loan portfolio	0.18%	1.03%	0.18%	1.03%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	95.04%	99.15%	94.51%	99.05%
Percent of past-due DOSRI /Related Party loans to total DOSRI/Related Party loans	0.00%	0.00%	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI /Related Party loans	0.00%	0.00%	0.00%	0.00%

Total interest income from DOSRI loans amounted to ₱0.6 million in 2022 and 2021, and ₱0.9 million in 2020.

All of the Bank's directors do not have any self-dealing/related party transactions with PSBank directly by themselves in 2022.

Further discussion on transactions with related parties are found in Note 36 of the Audited Financial Statements.

Others

No director has resigned or declined to stand for re-election because of any disagreement with the Bank on any matter relating to the Bank's operations, policies or practices.

No director has informed the Bank in writing that he intends to oppose any action to be taken by the Bank at the Annual Stockholders' Meeting.

Item 6. Compensation of Directors and Executive Officers

Name and Principal Position	2023 (estimate)		
	Salary	Bonus	*Others (Per Diem)
Jose Vicente L. Alde – President			
Noli S. Gomez – Executive Vice President			
Jose Jesus B. Custodio – Senior Vice President			
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President			
Emmanuel A. Tuazon – Senior Vice President			
TOTAL*	₱65.27 million	₱26.91 million	
ALL OFFICERS (AVP UP)*	₱187.42 million	₱80.10 million	
Jose T. Pardo - Chairman / Independent Director			
Arthur Ty - Vice Chairman			
Vicente R. Cuna Jr. - Vice Chairman			
Jose Vicente L. Alde - Director / President			
Samson C. Lim - Independent Director			
Francisco S. Magsajo - Independent Director			
Eduardo A. Sahagun - Independent Director			
Ma. Soledad D.S. De Leon – Director			
Rosanna F. De Vera – Director			
ALL DIRECTORS			₱21.49 million

* Estimated (Increased 2022 figures by 6% except directors' fee)

Name and Principal Position	2022		
	Salary	Bonus	*Others (Per Diem)
Jose Vicente L. Alde – President			
Noli S. Gomez – Executive Vice President			
Jose Jesus B. Custodio – Senior Vice President			
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President			
Emmanuel A. Tuazon – Senior Vice President			
TOTAL	₱61.58 million	₱25.39 million	
ALL OFFICERS (AVP UP)	₱176.81 million	₱75.57 million	
Jose T. Pardo - Chairman / Independent Director			
Arthur Ty - Vice Chairman			
Vicente R. Cuna Jr. - Vice Chairman			
Jose Vicente L. Alde - Director / President			
Samson C. Lim - Independent Director			
Benedicto Jose R. Arcinas - Independent Director			
Eduardo A. Sahagun - Independent Director			

Name and Principal Position	2022		
	Salary	Bonus	*Others (Per Diem)
Ma. Soledad D.S. De Leon - Director			
Rosanna F. De Vera - Director			
ALL DIRECTORS			₱21.49 million

Name and Principal Position	2021		
	Salary	Bonus	*Others (Per Diem)
Jose Vicente L. Alde – President			
Noli S. Gomez – Executive Vice President			
Jose Jesus B. Custodio – Senior Vice President			
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President			
Emmanuel A. Tuazon – Senior Vice President			
TOTAL	₱58.84 million	₱23.4 million	
ALL OFFICERS (AVP UP)	₱166.81 million	₱69.95 million	
Jose T. Pardo - Chairman / Independent Director			
Arthur Ty - Vice Chairman			
Vicente R. Cuna Jr. - Vice Chairman			
Jose Vicente L. Alde - Director / President			
Samson C. Lim - Independent Director			
Benedicto Jose R. Arcinas - Independent Director			
Eduardo A. Sahagun - Independent Director			
Ma. Soledad D.S. De Leon - Director			
Rosanna F. De Vera - Director			
ALL DIRECTORS			₱22.10 million

*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 the Bank's overall strategy. The total per diem and transportation allowance paid to directors for their attendance in Board and committee meetings amounted to ₱21.49 million, ₱22.10 million, and ₱21.91 million in 2022, 2021, and 2020, respectively. This translates to an average of ₱199,009, ₱204,657, and ₱202,889, per month/per director in 2022, 2021, and 2020, respectively. Aside from said amounts, they have no other compensation plan or arrangement with the Bank.

The directors receive per diem, bonuses and allowances that are already included in the amounts stated above. Aside from said amounts, they have no other compensation plan or arrangement with the bank. The executive officers receive salaries, bonuses and other usual bank benefits that are also included in the amounts stated above. Aside from these, they have no other compensation plan or arrangement with the bank.

For the protection and security of its directors and officers, the Bank is unable to provide their individual compensation.

There are no warrants or options held by the Bank's officers and directors.

Item 7. Independent Public Accountants

SGV & Co. has acted as the Bank's external auditors since 1979. Ms. Veronica Mae A. Arce has been the certifying partner from SGV and Co. since 2019, in compliance with the 7-year rotation requirement.

The Bank has no disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

The Bank intends to retain SGV as its external auditors for the year 2023 and is submitting the same to the stockholders for ratification as endorsed by the Audit Committee with the approval of the Board of Directors.

Representatives of SGV are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions.

Item 8. Financial and Other Information

The Audited Financial Statements of PSBank is attached as **Annex "A"**.

D. OTHER MATTERS

Item 9. Proposed Actions with Respect to Reports

- a. Approval of the Minutes of the Annual Stockholders' Meeting held virtually on April 25, 2022 at 3:00 p.m. via CISCO WEBEX Livestreaming.

Stockholders in Attendance via Remote Communication

NAMES	No. of Shares Held	Percentage of Equity
Metropolitan Bank & Trust Company (parent company) represented by Arthur Ty	377,279,068	88.38485%
Chairman Jose T. Pardo	2,063	0.00048%
Vice Chairman Arthur Ty	129	0.00003%
Vice Chairman Vicente R. Cuna Jr.	111	0.00003%
Director Ma. Soledad D.S. De Leon	4,456,795	1.04409%
Director Jose Vicente L. Alde	111	0.00003%
Director Samson C. Lim	111	0.00003%
Director Eduardo A. Sahagun	111	0.00003%
Director Rosanna F. De Vera	111	0.00003%
Director Francisco S. Magsajo, Jr.	100	0.00002%
Various PSBank Stockholders	33,874,260	7.93569%
TOTAL	415,612,970	97.36530%

1. CALL TO ORDER

The Chairman of the Board, Mr. Jose T. Pardo, presided over the virtual meeting which he called to order. The Corporate Secretary, Mr. Perfecto Ramon Z. Dimayuga, Jr., recorded the minutes of the meeting. Likewise, the audio/video recordings of the meeting were secured by the Office of the Corporate Secretary.

2. CERTIFICATION OF NOTICE AND QUORUM

Pursuant to applicable Securities and Exchange Commission (SEC) regulations in view of the ongoing COVID-19 pandemic, the Bank conducted its Annual Stockholders' Meeting (ASM) on April 25, 2022 via remote communication using a secure online meeting platform, Cisco Webex. This was in order to secure the health and safety of the stockholders, board members, management and all others who were involved in this meeting.

The Corporate Secretary, Mr. Perfecto Ramon Z. Dimayuga, Jr., certified that the Notice of Meeting was duly sent and circulated via appropriate disclosures and publications pursuant to the regulations of the Securities and Exchange Commission (SEC) for the purpose of informing the Stockholders of record. The Corporate Secretary further certified that the required quorum was met, as signified by the presence of its stockholders who were in attendance via virtual basis and representing more than two-

thirds (2/3) of the outstanding capital stock or 97% of the 426,859,416 common shares outstanding. There was 100% attendance by all nine (9) members of the Board of Directors who had been nominated and elected to their respective positions (see item 6 for the list of directors present).

The Chairman of the Board, Mr. Jose T. Pardo, acknowledged that, there being a quorum, the virtual meeting was duly constituted for the transactions of the business in the agenda.

3. APPROVAL OF MINUTES FOR THE ANNUAL STOCKHOLDERS MEETING HELD ON 26 APRIL 2021

The Chairman proceeded to the next item in the agenda which was the approval of the Minutes of the Annual Stockholders' Meeting held on April 26, 2021, copies of which were posted in the corporate website and included in the Information Statement disseminated accordingly.

The Corporate Secretary stated that, upon tabulation of votes cast, both in absentia and through proxy, a total of 415,612,970 common shares out of the 426,859,416 common shares outstanding, equivalent to 97%, voted in favor of the approval of the Minutes of the Annual Stockholders' Meeting held on April 26, 2021, of which the following resolution was passed and adopted:

RESOLUTION NO. PSB-ASM-2022-01

“RESOLVED, that the Minutes of the Annual Stockholders' Meeting of the Philippine Savings Bank held on April 26, 2021 are hereby approved as recorded.”

4. PRESENTATION AND APPROVAL OF THE PRESIDENT'S REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR 2021

The Chairman turned over the floor to the President, Mr. Jose Vicente L. Alde, who rendered to the stockholders his annual report, including the audited financial statements for the year 2021.

Subsequently, the Corporate Secretary relayed that, upon tabulation of votes cast, both in absentia and through proxy, with 97% or a total of 415,612,970 common shares out of the 426,859,416 common shares outstanding voting in favor and there being no objection, the President's Annual Report and the Audited Financial Statements for the year 2021 were noted and approved accordingly via the following resolution:

RESOLUTION NO. PSB-ASM-2022-02

“RESOLVED, that the President's Annual Report and the 2021 Audited Financial Statements of the Philippine Savings Bank are hereby noted and approved.”

5. CONFIRMATION OF ALL CORPORATE ACTS OF THE BOARD OF DIRECTORS, MANAGEMENT AND ALL COMMITTEES IN 2021

The Chairman continued on with the next item in the agenda which was the confirmation of all corporate acts, transactions and resolutions of the Board of Directors, Management and all Committees during the year 2021, including significant transactions with the Bank's DOSRI and other related parties as indicated in the 2021 Annual Report.

The Corporate Secretary reported that, upon tabulation of votes cast, both in absentia and through proxy, 97% or 415,612,916 common shares out of the 426,859,416 common shares outstanding voted in favor of the confirmation of all corporate acts, transactions and resolutions of the Board of Directors, Management and all Committees during the year 2021, including significant transactions with the

Bank's DOSRI and other related parties as indicated in the 2021 Annual Report, of which the following resolution was passed and adopted:

RESOLUTION NO. PSB-ASM-2022-03

“RESOLVED, that all acts, transactions and resolutions of the Philippine Savings Bank's Board of Directors, Management and all Committees done in the ordinary course of business during the year 2021 including, among others, the approval of loans/credit transactions, investments, Bank products and services, and significant transactions with the Bank's DOSRI and other related parties, are hereby confirmed.”

6. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The next item in the agenda was the election of the members of the Board of Directors to serve for the year 2022-2023. In compliance with the regulatory requirements of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC) on the nomination of directors, the Chairman reported that he, being also the Chairman of the Bank's Corporate Governance (CG) Committee, along with Independent Directors Samson C. Lim and Eduardo A. Sahagun as committee members, reviewed and evaluated the qualifications of all persons nominated to the Board, and certified that, based on the records, the following nine (9) nominees, four (4) of whom were nominated as Independent Directors, possess all the qualifications and none of the disqualifications prescribed by law and the regulations:

- 1) Jose T. Pardo (Independent Director)
- 2) Arthur V. Ty
- 3) Vicente R. Cuna, Jr.
- 4) Samson C. Lim (Independent Director)
- 5) Eduardo A. Sahagun (Independent Director)
- 6) Jose Vicente L. Alde
- 7) Ma. Soledad D.S. De Leon
- 8) Rosanna F. De Vera
- 9) Francisco S. Magsajo, Jr. (Independent Director)

Considering that there were only nine (9) persons nominated to, and qualified for, the nine (9) seats in the Board of Directors for the year 2022-2023, the Corporate Secretary announced that, upon tabulation of votes cast, both in absentia and through proxy, each of the nine (9) aforementioned nominees for directors received votes equivalent to 97% or at least 415,612,916 common shares out of the 426,859,416 common shares outstanding. Given this, the following resolution on the election of the nine (9) aforementioned nominees was passed and adopted:

RESOLUTION NO. PSB-ASM-2022-04

“RESOLVED, that the following are hereby elected as Directors of the Philippine Savings Bank for the year 2022-2023 and until their successors are duly elected and qualified:

- 1) Jose T. Pardo (Independent Director)
- 2) Arthur V. Ty
- 3) Vicente R. Cuna, Jr.
- 4) Samson C. Lim (Independent Director)
- 5) Eduardo A. Sahagun (Independent Director)
- 6) Jose Vicente L. Alde
- 7) Ma. Soledad D.S. De Leon
- 8) Rosanna F. De Vera
- 9) Francisco S. Magsajo, Jr. (Independent Director)

7. APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2022-2023

The Chairman moved on to the next item in the agenda which was the appointment of the Bank's external auditor for 2022-2023.

The Chairman mentioned that Sycip Gorres Velayo & Co. (or "SGV & Co.") had been recommended by the Audit Committee and the Board of Directors for re-appointment as the Bank's external auditor for 2022-2023.

In consideration of the recommendation made by the Audit Committee and the Board of Directors' approval of the same, and with the tabulation of votes cast, both in absentia and through proxy, the Corporate Secretary reported that 97% or a total of 415,612,970 common shares out of the 426,859,416 common shares outstanding voted in favor of the re-appointment of Sycip Gorres Velayo & Co. (or "SGV & Co.") as the Bank's external auditor for 2022-2023, of which the following resolution was passed and adopted:

RESOLUTION NO. PSB-ASM-2022-05

"RESOLVED that, as recommended by the Audit Committee and approved by the Board of Directors, Sycip Gorres Velayo & Co. (or "SGV & Co.") is, hereby, re-appointed as the Philippine Savings Bank's External Auditors for the year 2022-2023."

8. OTHER MATTERS

The Corporate Secretary said that, since no relevant questions or comments were received from the stockholders within the prescribed period in accordance with the Bank's procedures on the conduct of meeting via remote communication, there were no other items to be discussed aside from the aforementioned agenda matters taken up.

9. ADJOURNMENT

The Chairman acknowledged that, there being no other business to transact, the meeting was adjourned. On behalf of the Board of Directors, the Chairman expressed gratitude for the continued support and trust from the Bank's stockholders. Moreover, the Chairman conveyed appreciation on the stockholders' understanding of the Bank's use of the virtual platform in consideration of the COVID-19 pandemic as the Bank continuously ensures the safety, health and well-being of its employees, customers and stakeholders.

- b. Presentation and Approval of the President's Annual Report and the Bank's Audited Financial Statements as of December 31, 2022.

The President's Annual Report on the Bank's activities, business and financial performance for year-end 2022, including the Bank's Audited Financial Statements as of December 31, 2022, will be presented for notation and approval of the stockholders. Please refer to Item 8. "Financial and Other Information".

- c. Confirmation of All Acts of the Board of Directors, Management and All Committees

All acts, transactions and resolutions of the Board of Directors, Management and all Committees done in the ordinary course of business during the year 2022 including, among others, the approval of loans/credit transactions, investments, Bank products and services, and transactions with the Bank's DOSRI and other related parties, will be presented for confirmation of the stockholders.

- d. Election of the Members of the Board of Directors

The Members of the Board of Directors of the Bank for the year 2023-2024 are to be elected to hold office until the next succeeding annual meeting, and/or until their respective successors have been duly elected

and qualified. Please refer to the list of nominees under Item 5. “Directors and Executive Officers - Nominee Directors” for details.

d. Appointment of the External Auditor

The re-appointment of SGV & Co. as independent external auditor of the Bank for 2023-2024 will be presented for confirmation of the stockholders. Please refer to the Item 7. “Independent Public Accountants” for details.

Item 11. Voting Procedures

a. Majority vote is required for the following:

- i. Approval of the Minutes of the Annual Meeting of Stockholders
- ii. Confirmation of all corporate acts of the Board of Directors, the Management and all committees including significant transactions with the Bank's Directors, Officers, Stockholders & their Related Interests (DOSRI) and other related parties
- iii. Appointment of External Auditors

b. Majority vote is required for the election of members of the Board of Directors. Nominees receiving the highest number of votes shall be declared elected following the provisions of the Corporation Code.

c. Every stockholder entitled to vote on the particular question or matter involved shall be entitled to one vote (1) vote for each share of stock in his name. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name in the books of the bank as of the record date multiplied by the whole number of directors to be elected. Matters submitted to stockholders for ratification shall be decided by the required vote of stockholders present, in person or by proxy.

d. A stockholder can exercise his vote at the meeting or remotely (in absentia or through proxy).

Pursuant to applicable regulations of the Revised Corporation Code which allow voting in absentia by the stockholders, an online link may be accessed by the verified stockholders to register and/or vote in absentia on the matters for resolution at the meeting. A stockholder who votes in absentia shall be deemed present for purposes of quorum. Please refer to Item 12 - Participation of Shareholders by Remote Communication for the applicable instructions for voting in absentia or through proxy.

e. All votes will be counted by the Office of the Corporate Secretary, to be assisted by the Bank's stock transfer agent, Metrobank Trust Banking Group, and validated by SGV & Co.

Item 12. Participation of Shareholders by Remote Communication

To comply with applicable regulations and to ensure the safety and welfare of our stockholders, the Bank shall allow attendance by remote communication, voting in absentia and through proxy. The following are the corresponding requirements and procedures for participation by remote communication:

PARTICIPATION BY REMOTE COMMUNICATION, VOTING IN ABSENTIA AND THROUGH PROXY

A. Attendance by Remote Communication and Voting in Absentia and through Proxy

1. Stockholders intending to participate by remote communication and/or voting in absentia should notify the Office of the Corporate Secretary through a Letter of Intent (LOI) to be sent via e-mail to psbasm@psbank.com.ph on or before April 13, 2023, complete with the following requirements for validation purposes:

- 1.1 Indicate the following required information:

- 1.1.1 Complete Registered Name
 - 1.1.2 Complete Registered Residential/Mailing Address
 - 1.1.3 Active e-Mail Address
 - 1.1.4 Active Mobile #
 - 1.1.5 Active Landline #
- 1.2 Attach the following documents (e- copy/scanned copy):
- 1.2.1 Valid government-issued ID with photo and signature (scanned front and back)
 - 1.2.2 Proof of Ownership, such as, but not limited to, the following:
 - a) Stockholder's certificate (for certificated shares); or
 - b) Broker's certification (for scripless or uncertificated shares); or
 - c) Secretary's certificate for authorized representative (for corporate)
 - 1.2.3 Other supporting document, as applicable
2. In case a stockholder cannot attend the virtual meeting and wishes to be represented, said stockholder shall designate an authorized representative ("Proxy") by submitting the following additional documents, aside from the requirements as enumerated under items 1.1 and 1.2 above, on or before April 13, 2023 via email to psbasm@psbank.com.ph, for validation purposes:
- 2.1 Duly-accomplished proxy form/instrument (If so preferred or if no name is indicated, the Chairman of the Meeting shall act as the proxy.)
 - 2.2 Valid government-issued ID with photo and signature of the designated Proxy (scanned front and back)
3. The Office of the Corporate Secretary shall forward the email containing the LOI and its attachments to the Bank's stock transfer agent, Metrobank Trust Banking Group. The validation process will be completed by the stock transfer agent no later than three (3) business days from its receipt of the LOI. The Bank's stock transfer agent reserves the right to request for additional information and documents, as needed/necessary. Moreover, for general welfare and in the interest of time, electronic signature for the required documents shall be allowed while notarization requirement shall not be compulsory and may be considered once practicable.
4. Once validated/verified, a stockholder shall be provided a confirmation correspondence with secure links for virtual meeting registration and voting in absentia. For security purposes, the confirmation correspondence which include access credentials, links and instructions for participation through remote communication and voting in absentia shall only be sent to the stockholder's email address, and if necessary, notification shall be sent to the stockholder's mobile number as provided per item 1.1 above. It is the duty of the stockholder to securely provide the information on access credentials and instructions to his/her Proxy, as needed/applicable.
- 4.1 A verified stockholder or his/her Proxy shall have to access the corresponding link in order to be able to join the virtual meeting on the ASM day.
 - 4.2 A verified stockholder or his/her Proxy may cast his/her vote for each of the agenda items through the secure voting link provided in the confirmation correspondence. Deadline to vote in absentia through its corresponding link is on April 21, 2023. Beyond this date, stockholders may no longer avail of the option to vote in absentia. The Office of the Corporate Secretary shall then tabulate all votes, to be assisted by the Bank's stock transfer agent, Metrobank Trust Banking Group, and validated by SGV & Co. The Corporate Secretary shall report the results of voting during the meeting. For information on counting and tabulation of votes, please refer to "Item 11. Voting Procedures" of this Information Statement.

B. Participation and Determination of Quorum and Votes

1. Only those stockholders who have notified the Company of their intention to participate in the Meeting via remote communication, including those who voted in absentia and by proxy, will be considered in the determination of quorum at the meeting. By participating remotely, a stockholder shall be deemed present for purposes of quorum.
2. Due to logistical limitations of the meeting conducted virtually, voting and open forum/discussion will not be possible during the virtual meeting. However, a stockholder (or through his/her Proxy), once verified, will be given an opportunity to raise any relevant questions or express an appropriate comment in relation to the agenda items by sending an email to psbasm@psbank.com.ph not later than April 20, 2023. Any relevant questions or comments received by the Office of the Corporate Secretary via email within the prescribed period given to verified stockholders shall be properly acknowledged, noted and addressed accordingly.
3. The Office of the Corporate Secretary shall take down minutes of the meeting accordingly and shall note all comments and other relevant matters discussed covering the agenda of the meeting. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to psbasm@psbank.com.ph.
4. The Office of the Corporate Secretary shall ensure confidentiality of all votes for tabulation, including those cast in absentia and by proxy, with assistance from the Bank's stock transfer agent, Metrobank Trust Banking Group, and for validation by SGV & Co. The Corporate Secretary shall report the results of voting during the meeting. For information on counting and tabulation of votes, please refer to "Item 11. Voting Procedures" of this Information Statement.

** All participants are requested to adhere to the Bank's Confidentiality and Data Privacy guidelines for the meeting which shall be posted in the ASM-related page of the corporate website.

For ASM-related matters, please go to <https://www.psbank.com.ph/annual-stockholders-meeting-2023/>. For ASM-related queries, please send an email to psbasm@psbank.com.ph or contact the Office of the Corporate Secretary at 8885-8208 local 8180/8535. For account updating/validation concerns, please get in touch with PSBank's Stock Transfer Agent, Metrobank Trust Banking Group (Attention: Ma. Kristina Lara S. Reyes or Ma. Annette Valene A. Bautista), through 857-5694 to 95 or via email to kris.reyes@metrobank.com.ph or annette.bautista@metrobank.com.ph.


THE BANK SHALL PROVIDE EACH STOCKHOLDER WITHOUT CHARGE A COPY OF SEC FORM 17-A (ANNUAL REPORT) UPON WRITTEN REQUEST ADDRESSED TO:

**Mr. Perfecto Ramon Z. Dimayuga, Jr.
Corporate Secretary
3rd Floor, PSBank Center,
777 Paseo de Roxas cor. Sedeño St., Makati City 1226**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

PHILIPPINE SAVINGS BANK


**Perfecto Ramon Z. Dimayuga, Jr.
Corporate Secretary**

Date: March 20, 2023

**REPUBLIC OF THE PHILIPPINES
CITY OF MAKATI) S.S.**

MAR 20 2023

SUBSCRIBED AND SWORN TO before me this _____ affiant exhibiting to me his identification as follows:


Name	UMID no.	Date of Issuance	Place of Issuance
Perfecto Ramon Z. Dimayuga, Jr.		-	-

Doc no. 

Page no. 

Book no.

Series of 2023


MYRA S.J. SAN BUENAVENTURA
Notary Public for Makati until 12.31.2024 (M-005)
Roll No. 51202
PTR 9564956/1.03.23/Makati
IBP 189368/04.28.22 (2023) /Cam. Sur
Unit 403B, MG Bldg., 150 Amorsolo St.
Legaspi Village, 1229 Makati (Tel. 09228365212)
MCLÉ VII-0001111 Issued 12.12.22 v/u 4.14.28

PART II. MANAGEMENT REPORT

Brief Description and General Nature and Scope of Business of Registrant

Philippine Savings Bank (the Bank) was incorporated in the Philippines primarily to engage in savings and mortgage banking. The Bank's shares are listed in the Philippine Stock Exchange (PSE). The Bank offers a wide range of products and services such as deposit products, loans, treasury and trust functions that mainly serve the retail and consumer markets. On September 6, 1991, the Bank was authorized to perform trust functions.

As of December 31, 2022 and 2021, the Bank had 250 branches. In 2022, the Bank had 271 Automated Teller Machines (ATMs) in the branches (on-site) and 286 in other locations (off-site) bringing its total number of ATMs to 557 as of December 31, 2022 and 547 as of December 31, 2021.

The Bank's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on June 30, 1959. On March 28, 2006, the Board of Directors (BOD) of the Bank approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate term of the Bank, which expired on June 30, 2009, for another 50 years or up to June 30, 2059. This was subsequently approved by stockholders representing at least two-thirds of the outstanding capital stock of the Bank on April 25, 2006. The Amended Articles of Incorporation was approved by the SEC on September 27, 2006.

On April 27, 2010, by majority vote of the BOD and by stockholders representing two-thirds of the outstanding capital stock, the amendment of Article VI of its Amended Articles of Incorporation reducing the number of directors from a maximum of eleven (11) to a maximum of nine (9) has been approved. This was approved by the SEC on August 26, 2010.

On March 24, 2014, the BOD approved Article III of Articles of Incorporation to specify its principal address from Makati City to PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City 1226. The Amended Articles of Incorporation was approved by the SEC on December 22, 2014.

On November 20, 2019, the SEC approved the amendment to the Articles of Incorporation (AOI) on the increase in authorized capital stock of the Bank from ₱4,250,000,000.00 divided into 425,000,000 common shares with a par value of ₱10.00 per share to ₱6,000,000,000.00 divided into 600,000,000 common shares with a par value of ₱10.00 per share. The increase in authorized capital stock was intended to provide the Bank more flexibility for any potential business opportunities in the future that would need sufficient authorized and unissued shares that can be issued promptly. In order to satisfy the mandated subscription requirement in relation to the Bank's increase in authorized capital stock, the Bank declared and paid stock dividends on February 21, 2020 in the amount of ₱437,500,000.00 equivalent to 43,750,000 common shares with par value of ₱10.00 per share. The shares that were given as stock dividends to the shareholders were taken from the shares created pursuant to the increase in authorized capital stock. The said increase in Capital Stock with corresponding amendment in the Articles of Incorporation was approved initially by the Board of Directors on 18 March 2019 and subsequently by the stockholders during the PSBank Annual Stockholders' Meeting held on 15 April 2019.

As of December 31, 2022 and 2021, Metropolitan Bank & Trust Company (MBTC), the Bank's ultimate parent, owned eighty-eight percent (88%) of the Bank.

Market Price Information

PSBank common shares were listed in the Philippine Stock Exchange (PSE) in 1994. The shares are traded under the symbol "PSB".

The high and low sales prices of the Shares as reported in the PSE for each quarter in the years ending December 31, 2022 and 2021 and subsequent interim periods were as follows:

	Highest	Lowest
2023:		
January 31	₱57.00	₱56.50
February 28	55.10	55.10

	Highest	Lowest
2022:		
First quarter	58.20	54.80
Second quarter	58.00	55.00
Third quarter	57.85	55.00
Fourth quarter	59.00	55.00
2021:		
First quarter	56.70	53.00
Second quarter	84.75	53.05
Third quarter	77.00	50.20
Fourth quarter	58.10	55.00

Closing price as of March 16, 2023 was at ₱56.90 per share.

Dividends and 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 the Bank's outstanding capital stock. The Dividend Policy of the Bank is presented in Part II. Management Report on Compliance with Leading Practices on Corporate Governance.

Dividends Paid and Proposed

Details of the Bank's dividend distributions as approved by the Bank's BOD and the BSP follow:

Cash Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
January 16, 2020	₱0.75	₱287,332,062	January 31, 2020	February 17, 2020
April 21, 2020	0.75	320,144,562	May 7, 2020	May 21, 2020
July 23, 2020	0.75	320,144,562	August 7, 2020	August 24, 2020
October 22, 2020	0.75	320,144,562	November 9, 2020	November 23, 2020
January 21, 2021	0.75	320,144,562	February 5, 2021	February 22, 2021
April 26, 2021	0.75	320,144,562	May 11, 2021	May 26, 2021
July 22, 2021	0.75	320,144,562	August 6, 2021	August 23, 2021
October 21, 2021	0.75	320,144,562	November 8, 2021	November 22, 2021
January 17, 2022	0.75	320,144,562	February 2, 2022	February 16, 2022
April 25, 2022	0.75	320,144,562	May 11, 2022	May 21, 2022
July 21, 2022	0.75	320,144,562	August 5, 2022	August 22, 2022
October 20, 2022	0.75	320,144,562	November 7, 2022	November 21, 2022
Stock Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
March 12, 2019	11.42%	₱-	January 31, 2020	February 21, 2020

No unregistered securities were sold or offered for sale by the Bank for the year 2022.

Cash Dividend Declaration

On January 26, 2023, the BOD of the Bank approved the declaration of a 7.50% regular cash dividend for the fourth quarter of 2022 for stockholders on record as of February 10, 2023 amounting to ₱320.14 million or ₱0.75 per share, to be paid on February 27, 2023.

Holders

As of February 28, 2023, the Bank has 1,441 stockholders.

Top 20 Stockholders as of February 28, 2023

	Name of Stockholders	No. of Shares	% to Total
1	METROPOLITAN BANK & TRUST COMPANY ¹	377,279,068	88.3849%
2	DOLOR, DANILO L.	14,051,043	3.2917%
3	DOLOR, ERLINDA L.	8,474,411	1.9853%
4	PCD NOMINEE CORPORATION (FILIPINO) ²	5,127,928	1.2013%
5	DE LEON, MARIA SOLEDAD S.	4,456,795	1.0441%
6	DE LEON, GIAN CARLO SERRANO	3,054,440	0.7156%
7	DE LEON, LEONARD FREDERICK SERRANO	2,895,061	0.6782%
8	PCD NOMINEE CORPORATION (NON-FILIPINO)	2,737,043	0.6412%
9	DE LEON, ALVIN BENJAMIN SERRANO	2,716,290	0.6363%
10	DE LEON, KEVIN ANTHONY SERRANO	2,682,950	0.6285%
11	GO, JAMES	334,723	0.0784%
12	GRAND ASIA REALTY INVESTMENT CORPORATION	325,958	0.0764%
13	QUE, LIONG H.	75,834	0.0178%
14	CHOA, JOHNNY K.	72,247	0.0169%
15	CHOA, VICTORIA K.	68,940	0.0162%
16	TY, ALEJANDRO	63,893	0.0150%
17	CHENG, BERCK Y. OR ALVIN Y. CHENG OR DIANA Y. CHENG OR CHERYL Y. CHENG	50,138	0.0117%
18	SY, VICTOR GAN	45,654	0.0107%
19	PEREZ, MA. GEORGINA V.	44,418	0.0104%
20	DY BUNCIO, ANJANETTE TY	42,710	0.0100%

¹ Includes 206,331,982 shares lodged with PCD Nominee Corp.

² Net of 206,331,982 shares owned by Metropolitan Bank & Trust Company and 18 shares owned by Arthur Ty

Note: List of Stockholders as of March 10, 2023 (record date) is provided under Annex D.

As of February 28, 2023, public ownership of the Bank was at 10.57%. Of the total shares issued, 2,771,077 shares or 0.65% represents foreign ownership.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

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, 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 November 2022 to rationalize the transaction materiality thresholds for enterprise loans, clarify basis amounts per type of transaction vis-à-vis the set transaction materiality thresholds, streamline certain processes and realign with parent-Metrobank's latest RPT policy.

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 2022, 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).

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	In Millions of PhP	
				Original Amount	Dec. 31, 2022 Balance
INSURANCE					
AXA Philippines (AXA)	Affiliate	Annual Renewal of the Bank's Fire Insurance Coverage for ROPA-Real Estate Properties	Total sum insured is Php3.250 Billion with a gross annual premium rate (inclusive of taxes) of 0.18% thereof	5.89	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 will be used for Inter-Bank Call Loans (IBCL) only; secured line covers interbank lending transactions and is collateralized by government securities and settlement/ pre-settlement lines are used to cover risks for fixed income securities and FX spot transactions for a maximum of T+3	Clean – 2,000; Secured - 16,000; Settlement – 1,500 & Pre-Settlement - 750 <i>(no changes)</i>	N/A
ORIX Metro Leasing & Financing Corporation (OMLFC)	Affiliate		Clean/unsecured lines for Interbank Call Loans (IBCL) only; secured lines are collateralized by non-risk assets i.e. Government securities (GS)	Clean – 1,000 <i>(no changes)</i>	N/A
First Metro Investment Corporation (FMIC)	Affiliate		Clean/unsecured lines for Interbank Call Loans (IBCL) only	Pre-Settlement – 85 <i>(no changes)</i>	N/A
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Annual Renewal of Related Intercompany Lines of Trust Division	Counterparty line for fixed income securities (i.e., corporate bonds, government securities) and any exposure in excess of the allowable unsecured ceiling for Clean and IMA lines will be secured by non-risk assets i.e. GS	Clean – 1,000; Pre-Settlement – 5; Settlement – 50 & IMA – 100 <i>(no changes)</i>	N/A
Philippine Savings Bank (PSBank)	Bank Proper		Counterparty line for equity transactions of various trust accounts	Clean – 1,000; Pre-Settlement – No Limit; Settlement – No Limit & IMA – 4,000 <i>(no changes)</i>	N/A

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	In Millions of PhP	
				Original Amount	Dec. 31, 2022 Balance
First Metro Investment Corporation (FMIC)	Affiliate		Counterparty line for fixed income securities (i.e., corporate bonds, government securities)	Pre-Settlement – 70 & Settlement – 700 (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 (no changes)	N/A
LOANS AND OTHER CREDIT ACCOMMODATIONS					
First Metro Investment Corporation (FMIC)	Affiliate	Credit Line	Reinstatement of clean/ unsecured credit line available via PNs of up to 30 days for additional working capital purposes and to gap intraday funding requirements subject to an interest rate upon drawdown based on current BSP's Overnight Lending Facility (OLF) rate plus 50-75 basis points spread as the floor/minimum rate	1,000	N/A
Principal Officer of affiliate-FMIC	Corresponding Persons of Affiliated Companies	Home Equity Loan	Ten (10) year term home equity loan with interest rate of 7.25% p.a. under one (1) year re-pricing cycle	25	N/A
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
Director of parent-MBTC	Corresponding Persons of Affiliated Companies	Annual Renewal of Business Credit Line	One (1) year business credit line for working capital purposes with interest rate of 7.50% p.a.	30	18.90
OTHERS					
First Metro Securities Brokerage Corp. (FMSBC)	Affiliate	Renewal of Lease Contract	Renewal of lease contract for another five (5) years covering a total area of 639.15 sq.m. at Php882.00/sq.m. for office spaces, Php5,512.50/slot for car parking spaces, Php1,551.33/slot for motorcycle parking spaces and Php77.56/sq.m. for common use service area subject to 5% annual escalation rate	7.86	N/A
Federal Land Inc. (FLI), Federal Land Orix Corp. (FLOC) and Horizon Land Property and Development Corporation (HLPDC)	Affiliates	Buy-Back of Past Due Home Loans	Affiliate-real estate developers to buy back seventeen (17) past due home loan accounts at their total amounts due net of penalties fully waived but subject to applicable additional interest if paid beyond the commitment payment date as a mode of the Bank's recovery thereof pursuant to the terms & conditions of the Deed of Undertaking executed by the Bank and said real estate developers	56.19	N/A
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Amendments to the Bank's Existing Collection Services Agreement	Increase in service fee to reflect the Bank's current fully-loaded manpower cost; inclusion of 61-90 days past due collection bucket for Auto and Home loans and expansion of collection services to also include in-bound collections	11.12	N/A

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.

Code of Conduct

The Code of Conduct, which was updated and approved by the Board in 2022, 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 favorable reputation for the 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 data privacy, among others; and,
- Provisions on management of personal finances, conflict of interest, anti-bribery and corruption, 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 2022. Directors’ level of share ownership and movements throughout 2022 are summarized in the table below:

#	Name of Director	Position	Rollforward of Common Shares					
			Beginning		Movements		End	
			12/31/2021	%	Additions	Deductions	12/31/2022	%
1	Jose T. Pardo	Chairman and Independent Director	2,063	0.000483	-	-	2,063	0.000483
2	Arthur V. Ty	Vice-Chairman	129	0.000030	-	-	129	0.000030
3	Vicente R. Cuna, Jr.	Vice-Chairman	111	0.000026	-	-	111	0.000026
4	Samson C. Lim	Independent Director	111	0.000026	-	-	111	0.000026
5	Francisco S. Magsajo, Jr.	Independent Director	100	0.000023	-	-	100	0.000023
6	Eduardo A. Sahagun	Independent Director	111	0.000026	-	-	111	0.000026

#	Name of Director	Position	Rollforward of Common Shares					
			Beginning		Movements		End	
			12/31/2021	%	Additions	Deductions	12/31/2022	%
7	Jose Vicente L. Alde	President and Director	111	0.000026	-	-	111	0.000026
8	Ma. Soledad D.S. De Leon	Director	4,456,795	1.044090	-	-	4,456,795	1.044090
9	Rosanna F. De Vera	Director	111	0.000026	-	-	111	0.000026
	Total		4,459,642	1.044756	100	-	4,459,642	1.044756

Whistleblowing

PSBank's whistleblowing policy requires our employees to report immediately any impropriety or malpractice committed by co-employee/s or third party/ies to their group heads or directly to Human Resources, Internal Audit, Compliance, or Fraud Management 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.

The Bank has whistleblowing hotlines such as iag-expose@psbank.com.ph and fire@psbank.com.ph which can only be accessed by the Internal Audit Group Head and by the Fraud Management Group Head, respectively.

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. Records Keeping and Retention
5. Employee Training and Continuing Education

Our MLTFPP was last updated in September 2022 to include the Bank's API-based third party sanction screening solution as source of external adverse records that is interfaced with its Integrated Customer Data Bank (ICDB) system, incorporate the various CO AML advisories issued and revise the scope of Designated Non-Financial Businesses & Professions (DNFBPs) per AMLC Regulatory Issuance (ARI) No. 03 Series of 2021. Compliance with the requirements of this MLTFPP is continuously monitored by our Board-designated AML Compliance Officer (AMLCO) 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 September 2022 to incorporate the pertinent provisions of SEC Memorandum Circular No. 4 Series of 2022 pursuant to Sections 26 and 27 of the Revised Corporation Code (RCC) with respect to the grounds for director/officer disqualifications and removal procedures as well as to include an Anti-Bribery and Corruption Policy as patterned after that of parent-Metrobank.

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

This FCP Framework is currently undergoing review and updating to align with the amended FCP rules & regulations per BSP Circular No. 1160 pursuant to the recently enacted Republic Act No. 11765 otherwise known as "The Financial Products and Services Consumer Protection Act".

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.

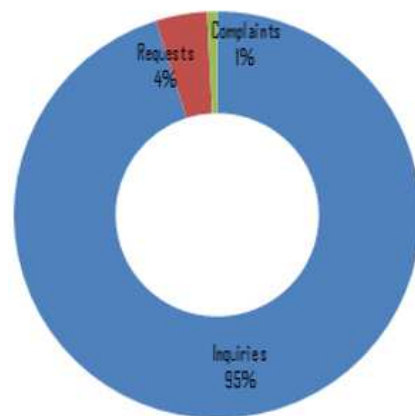
At the end of each day, all customer issues received are reported to a pool of senior officers, including the president and the executive vice president. The consolidated report is likewise submitted to the RMO on a monthly basis as part of the Key Risk Indicator (KRI) reports.

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.

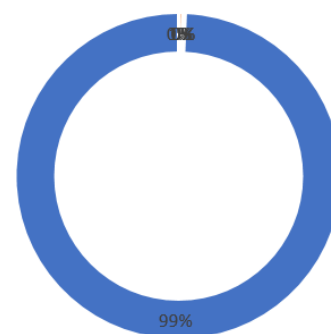
Utilization/engagement per Channel:

NATURE OF TRANSACTION	TOTAL	%
Inquiries	1,102,578	95%
Requests	47,415	4%
Complaints	9,227	1%
	1,159,220	100%



Complaints:

NATURE OF COMPLAINT	TOTAL	%
Environment	0	0%
Personnel	37	0.40%
Policy	8	0.09%
Process	15	0.16%
System	9,167	99.35%
	9,227	100%



■ Environment ■ Personnel ■ Policy ■ Process ■ System

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 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. It was last updated in December 2022 to articulate on the data subject’s consent, the general data privacy principles of transparency, legitimate purpose & proportionality, the scope and limitations of the Data Privacy Act and the processing of personal information under a data sharing arrangement as against an outsourcing agreement based on National Privacy Commission (NPC) Advisory Opinions; incorporate by way of reference the Bank’s new Policy on Retention and Disposal of Records Containing Personal Information; update the Privacy Impact Assessment (PIA) Procedures Manual and make it an annex thereof; include Information Security check and audit on third-party service providers as part of the Bank’s Organizational Security Measures; and revise the internal and external incident reporting pursuant to existing NPC and BSP reporting rules, among other updates.

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 2022, 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 November 2022 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 Advanced Corporate Governance Training and AMLA Compliance in the Age of the Digital World.

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. In support of the pandemic-related health and safety protocols implemented by the government and the Bank, regular board meetings, including the annual stockholders' meeting and organizational meeting, were conducted via remote communication using a secure online meeting platform and in compliance with related SEC-issued guidelines. Regular Board meetings are also scheduled in advance which are 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), the provisions of the Anti-Terrorism Act (ATA), the Anti-Financing of Terrorism Act (AFTA), the Strategic Trade Management Act (STMA) and their Implementing Rules and Regulations (IRRs); the regulatory issuances and orders of the Anti-Money Laundering Council (AMLC) and BSP AML/CFT 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, system of internal control and risk management, internal and external audits, 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.

The attendance records in 2022 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 & Data Protection Officer</i>	Secretary	12/12	100%

Risk Oversight Committee (ROC)

Members	Position	Attendance	%
FRANCISCO S. MAGSAJO, JR. <i>Independent Director</i>	Chairperson	12/12	100%
JOSE VICENTE L. ALDE <i>Director</i>	Member	12/12	100%
EDUARDO A. SAHAGUN <i>Independent Director</i>	Member	12/12	100%
EDEZA A. QUE <i>Chief Risk & Sustainability Officer</i>	Secretary	12/12	100%

The AML Oversight Committee (AMLOC)

Members	Position	Attendance	%
VICENTE R. CUNA, JR. <i>Non-Executive Director</i>	Chairperson	11/12	92%
FRANCISCO S. MAGSAJO, JR. <i>Independent Director</i>	Member	11/12	92%
ROSANNA F. DE VERA <i>Non-Executive Director</i>	Member	12/12	100%
GILBERT L. NUNAG <i>Chief Compliance & Data Protection Officer</i>	Secretary	12/12	100%

The 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%
SHERWIN U. LEE <i>Chief Audit Executive</i>	Secretary	14/14	100%

The 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	11/12	97%
JOSE VICENTE L. ALDE <i>President</i>	Member	12/12	100%
ROSANNA F. DE VERA <i>Non-Executive Director</i>	Member	11/12	97%
MARY MYLEEN M. MASANQUE <i>PSBank Representative</i>	Member	12/12	100%
JOSE M. MANUEL JR.	Secretary	12/12	100%
ARLYN S. MONTEBON	Alternate Secretary		

The 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%
SHERWIN U. LEE <i>Chief Audit Executive</i>	Resource	8/8	100%
GILBERT L. NUNAG <i>Chief Compliance & Data Protection Officer</i>	Resource Person and Secretary	12/12	100%

The Trust Committee (TrustCom)

Members	Position	Attendance	%
ROMMEL ENRICO C. DIONISIO* <i>Independent Professional</i>	Chairperson	3/3	100%
JOSE VICENTE L. ALDE <i>President</i>	Member	4/4	100%
FRANCISCO S. MAGSAJO, JR. <i>Independent Director</i>	Member	3/4	75%
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%

*Appointed as Chairperson in April 2022

Board Meetings. In 2022, 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 2022 are summarized on the next page.

DIRECTORS	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
FRANCISCO S. MAGSAJO JR. <i>Independent Director</i>	12/12	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

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) shall be filed with the Anti-Money Laundering Council Secretariat (AMLCS) 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 including materiality, environment and social risk assessment 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.
- The **Occupational Safety and Health Committee (OSHC)** serves as the official planning and policy-making group of the Bank in all matters pertaining to safety and health pursuant to Rule 1040 of the DOLE’s Occupational Safety and Health (OSH) Standards.

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 2022 with key changes effected to its previous October 2021 version pertaining to process enhancements and 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, 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 the 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 2022 was PhP20.5 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 the 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.

- **HE1GHTS: Reaching the Peak of Topnotch Performance.** This productivity-based award is given quarterly and annually to an individual or team for achieving exceptional performance. In 2022, top-performing PSBankers from Branch Banking Group, Credit and Collections Group, and Indirect Sales Channel Group were recognized for exceeding more than 100% of their target productivity.

- **Job Evaluation.** We regularly conduct job evaluation to measure and benchmark Bank positions vis-à-vis the banking industry and for certain niche roles, including other industries too.

- **Salary Structure Program.** We conduct salary restructuring to ensure that the salaries of the 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 subject to the 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 2022, succession was again among our focus areas for Talent Management. The Bank continued with its comprehensive Succession Planning Program which consists of five stages: (1) identification of the successor, (2) assessment of the gap, (3) addressing 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 trainings, cross-postings, immersions, and development assignments. Strategic workforce planning is also implemented annually to ensure that critical positions are filled up and that Talent Acquisition 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 be 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. 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 2022 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.

Information Technology (IT) Training

In 2022, as work setup started to normalize, the PSBank Business Campus (PBC) offered a mix of in-person and virtual trainings for PSBankers all year-round. These hybrid setups helped ensure that employees get the Learning and Development programs they need – whether they are joining through virtual platforms or attending the learning sessions face-to-face.

Among the teams which received customized and targeted programs is the Bank’s Information Technology Group (ITG). With the goal of making the Bank’s IT workforce adept with Industrial Revolution 4.0 skills, they were included again in the priority learners for 2022. Aside from tailor-fit technical trainings, PBC also offered developmental courses to the group as there were new leaders coming from ITG’s flagship Officership Program. Eight (1) top-performing ITG staff completed their programs and levelled up to become IT Officers.

The IT trainings with the most number of attendees were the following:

IT Training Program (Technical and Developmental)	Number of Participants
PSBank CCTV System Trouble Shooting Training	23
IT Agile-Scrum Project Management	17
ISO 22301:2019 - Essentials of Business Continuity Management Systems (BCMS)	12
The Essentials of Business and Risk Analysis	10
Full Oracle Database Administration with RAC	7
Learn Linux in 5 Days and Level Up Your Career	6
Oracle Database for Beginners	5
Mastering Access Control List (ACL's)	3
Cyber Security 2020	3
Check Point Jump Start: Network Security	3

Complete Linux Bash Shell Scripting with Real Life Examples	3
Data Analytics	12
Strategic Management	10
Leadership for Beginners	16
Emotional Quotient (EQ) Awareness Workshop	14
Discipline Management	13
Operational Risk Management	13
Performance Management and Coaching	12

As advocates of continuous learning, the ITG personnel also looked for external trainings, short courses, and training sessions – some of which were free – which they could enroll in, based on the program’s applicability to their respective functions. A total of **172** IT trainings were delivered in 2022 – 97 of these were external while 75 were internal.

HR-Learning & Development also continued working with ITG in migrating the Bank’s Learning Management System – *Modular Object-Oriented Dynamic Learning Environment or MOODLE* to Cloud in 2022. PSBankers are now able to maximize self-paced and online learning not just through this system but also through their personal gadgets such as smart phones or laptops.

MOODLE provided PSBankers an online educational learning platform designed to give administrators, faculty, and learners with a single, robust, secure, and integrated system that improves the learning experience.

PHILIPPINE SAVINGS BANK

STATEMENTS OF CONDITION

	December 31				Amount		Amount		Amount	
	2022	2021	2020	2019	2022 vs 2021	%	2021 vs 2020	%	2020 vs 2019	%
ASSETS										
Cash and Other Cash Items	₱1,930,720,274	₱2,801,335,279	₱2,841,851,535	₱2,281,813,055	(₱870,615,005)	-31.08%	(₱40,516,256)	-1.43%	₱560,038,480	24.54%
Due from Bangko Sentral ng Pilipinas	37,553,243,574	52,427,713,760	31,688,975,820	6,814,865,832	(14,874,470,186)	-28.37%	20,738,737,940	65.44%	24,874,109,988	365.00%
Due From Other Banks	2,910,493,038	1,366,924,524	1,461,474,934	1,138,642,148	1,543,568,514	112.92%	(94,550,410)	-6.47%	322,832,786	28.35%
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	2,669,609,031	4,532,877,908	5,445,979,370	-	(1,863,268,877)	-41.11%	(913,101,462)	-16.77%	5,445,979,370	0.00%
Fair Value Through Profit Or Loss Investments (FVTPL)	35,875	44,701	50,189	43,674	(8,826)	-19.74%	(5,488)	-10.93%	6,515	14.92%
Fair Value Through Other Comprehensive Income (FVOCI)	69,660,715,882	60,266,504,348	10,059,232,805	4,775,388,467	9,394,211,534	15.59%	50,207,271,543	499.12%	5,283,844,338	110.65%
Investment Securities at Amortized Cost	30,422,284,704	20,962,346,722	13,735,999,138	34,233,974,816	9,459,937,982	45.13%	7,226,347,584	52.61%	(20,497,975,678)	-59.88%
Loans and Receivables	109,697,304,552	110,111,505,826	142,524,344,524	164,384,202,213	(414,201,274)	-0.38%	(32,412,838,698)	-22.74%	(21,859,857,689)	-13.30%
Investment in a Joint Venture	816,284,853	762,926,364	705,476,563	755,781,369	53,358,489	6.99%	57,449,801	8.14%	(50,304,806)	-6.66%
Property and Equipment	3,126,723,127	2,938,455,849	3,089,814,582	3,312,836,126	188,267,278	6.41%	(151,358,733)	-4.90%	(223,021,544)	-6.73%
Investment Properties	4,031,471,065	3,508,598,106	3,585,971,956	3,765,748,696	522,872,959	14.90%	(77,373,850)	-2.16%	(179,776,740)	-4.77%
Deferred Tax Asset	280,113,544	576,786,519	2,091,140,847	1,398,136,782	(296,672,975)	-51.44%	(1,514,354,328)	-72.42%	693,004,065	49.57%
Intangible Assets and Goodwill	333,890,899	361,193,084	441,143,119	480,456,498	(27,302,185)	-7.56%	(79,950,035)	-18.12%	(39,313,379)	-8.18%
Other Assets	988,118,816	1,188,896,822	1,742,146,857	1,564,931,514	(200,778,005)	-16.89%	(553,250,035)	-31.76%	177,215,343	11.32%
	264,421,009,234	261,806,109,812	219,413,602,239	224,906,821,190	2,614,899,422	1.00%	42,392,507,573	19.32%	5,493,218,951	-2.44%
LIABILITIES AND EQUITY										
Liabilities										
Deposit Liabilities										
Demand	₱26,602,133,863	₱26,939,262,124	₱25,523,284,040	₱22,490,617,234	(₱337,128,261)	-1.25%	₱1,415,978,084	5.55%	₱3,032,666,806	13.48%
Savings	46,933,474,339	45,319,797,393	41,724,171,123	35,691,639,304	1,613,676,946	3.56%	3,595,626,270	8.62%	6,032,531,819	16.90%
Time	135,158,982,248	136,095,038,765	91,791,490,829	105,912,878,349	(936,056,517)	-0.69%	44,303,547,936	48.27%	(14,121,387,520)	-13.33%
Long-term Negotiable Certificate of Deposits	5,077,602,528	8,441,451,603	8,425,364,104	8,409,975,273	(3,363,849,075)	-39.85%	16,087,499	0.19%	15,388,831	0.18%
	213,772,192,978	216,795,549,885	167,464,310,096	172,505,110,160	(3,023,356,907)	-1.39%	49,331,239,789	29.46%	(5,040,800,064)	-2.92%
Bills Payable	1,185,944,975	-	-	4,189,736,932	1,185,944,975	0.00%	-	0.00%	(4,189,736,932)	-100.00%
Bonds Payable	4,648,449,939	4,633,613,322	10,902,456,911	6,254,701,780	14,836,617	0.32%	(6,268,843,589)	-57.50%	4,647,755,131	74.31%
Treasurer's, Cashier's and Manager's Checks	1,014,225,796	593,630,994	531,318,419	1,297,680,147	420,594,802	70.85%	62,312,575	11.73%	(766,361,728)	-59.06%
Accrued Taxes, Interest and Other Expenses	2,506,216,736	1,684,762,235	1,782,919,802	1,409,451,987	821,454,501	48.76%	(98,157,567)	-5.51%	373,467,815	26.50%
Income Tax Payable	-	80,547	322,018,981	374,977	(80,547)	-100.00%	(321,938,434)	-99.97%	321,644,004	85777.00%
Other Liabilities	4,154,367,586	3,204,395,695	3,899,849,628	4,792,491,744	949,971,891	29.65%	(695,453,933)	-17.83%	(892,642,116)	-18.63%
	227,281,398,010	226,912,032,678	184,902,873,837	190,449,547,727	369,365,332	0.16%	42,009,158,841	22.72%	(5,546,673,890)	-2.91%

(Forward)

	December 31				Amount		%		Amount		%	
	2022	2021	2020	2019	2022 vs 2021		2021 vs 2020		2020 vs 2019			
Equity												
Common Stock	₱4,268,594,160	₱4,268,594,160	₱4,268,594,160	₱3,831,094,160	-	0.00%	-	0.00%	₱437,500,000	11.42%		
Capital Paid in Excess of Par Value	11,418,563,257	11,418,563,257	11,418,563,257	9,287,650,873	-	0.00%	-	0.00%	2,130,912,384	22.94%		
Surplus Reserves	1,043,979,211	1,041,471,464	1,039,166,094	1,037,214,639	2,507,747	0.24%	2,305,370	0.22%	1,951,455	0.19%		
Surplus	21,207,490,714	18,812,148,450	18,555,539,348	21,269,544,274	2,395,342,264	12.73%	256,609,102	1.38%	(2,714,004,926)	-12.76%		
Fair Value Reserves on Financial Assets at FVOCI	(48,782,635)	2,409,891	13,058,180	(18,931,431)	(51,192,526)	-2124.27%	(10,648,289)	-81.54%	31,989,611	-168.98%		
Remeasurement Losses on Retirement Plan	(748,523,773)	(632,885,484)	(726,238,329)	(937,954,589)	(115,638,289)	18.27%	93,352,845	-12.85%	211,716,260	-22.57%		
Equity in Remeasurement Losses on Retirement Plan of a Joint Venture	2,877,392	2,877,392	(1,285,176)	941,681	(0)	0.00%	4,162,568	-323.89%	(2,226,857)	-236.48%		
Equity in Hedge Reserve of Associates and Joint Venture	(12,144,581)	(12,144,581)	(35,097,280)	-	(0)	0.00%	22,952,699	-65.40%	(35,097,280)	0.00%		
Cumulative Translation Adjustment	7,557,479	(6,957,415)	(21,571,852)	(12,286,144)	14,514,894	-208.62%	14,614,437	-67.75%	(9,285,708)	75.58%		
	37,139,611,224	34,894,077,134	34,510,728,403	34,457,273,463	2,245,534,090	6.44%	383,348,732	1.11%	53,454,940	0.16%		
	₱264,421,009,234	₱261,806,109,812	₱219,413,602,239	₱224,906,821,190	₱2,614,899,422	1.00%	₱42,392,507,573	19.32%	(₱5,493,218,951)	-2.44%		

PHILIPPINE SAVINGS BANK
STATEMENTS OF INCOME

	Years Ended December 31				Amount %		Amount %		Amount %	
	2022	2021	2020	2019	2022 vs 2021		2021 vs 2020		2020 vs 2019	
INTEREST INCOME ON										
Loans and receivables	₱10,159,518,037	₱12,148,774,170	₱15,666,265,787	₱15,481,189,433	(₱1,989,256,133)	-16.37%	(₱3,517,491,617)	-22.45%	₱185,076,354	1.20%
Financial assets at FVOCI and Investment Securities at amortized cost	2,574,256,913	1,486,019,162	1,298,471,798	1,896,257,446	1,088,237,751	73.23%	187,547,364	14.44%	(597,785,648)	-31.52%
Due from Bangko Sentral ng Pilipinas	1,254,216,130	648,063,197	221,893,610	831,792	606,152,933	93.53%	426,169,587	192.06%	221,061,818	26576.57%
Interbank loans receivable and securities purchased under resale agre	195,778,577	70,592,184	85,056,319	30,140,459	125,186,393	177.34%	(14,464,135)	-17.01%	54,915,860	182.20%
Due from other banks	4,101,643	47,132	1,178,094	4,066,446	4,054,511	8602.46%	(1,130,962)	-96.00%	(2,888,352)	-71.03%
FVTPL investments	2,152	11,272,985	45,039,478	2,152	(11,270,833)	-99.98%	(33,766,493)	-74.97%	45,037,326	2092812.55%
	14,187,873,452	14,364,768,830	17,317,905,086	17,412,487,728	(176,895,378)	-1.23%	(2,953,136,256)	-17.05%	(94,582,642)	-0.54%
INTEREST EXPENSE ON										
Deposit liabilities	2,811,393,495	1,637,233,919	2,771,606,957	5,327,625,405	1,174,159,576	71.72%	(1,134,373,038)	-40.93%	(2,556,018,448)	-47.98%
Bonds Payable	224,036,617	437,530,261	583,408,268	167,596,354	(213,493,644)	-48.80%	(145,878,007)	-25.00%	415,811,914	248.10%
Lease liabilities	79,873,386	85,201,992	99,539,323	113,560,729	(5,328,606)	-6.25%	(14,337,331)	-14.40%	(14,021,406)	-12.35%
Bills payable	21,919,260	41,972	110,397,939	319,718,630	21,877,288	52123.53%	(110,355,967)	-99.96%	(209,320,691)	-65.47%
Subordinated notes	-	-	-	125,118,285	-	0.00%	-	0.00%	(125,118,285)	-100.00%
	3,137,222,758	2,160,008,144	3,564,952,487	6,053,619,403	977,214,614	45.24%	(1,404,944,343)	-39.41%	(2,488,666,916)	-41.11%
NET INTEREST INCOME	11,050,650,694	12,204,760,686	13,752,952,599	11,358,868,325	(1,154,109,992)	-9.46%	(1,548,191,913)	-11.26%	2,394,084,274	21.08%
Service fees and commission income	1,732,841,894	1,581,126,848	1,308,210,530	1,951,941,673	151,715,046	9.60%	272,916,318	20.86%	(643,731,143)	-32.98%
Service fees and commission expense	51,309,070	47,816,732	50,825,805	88,437,296	3,492,338	7.30%	(3,009,073)	-5.92%	(37,611,491)	-42.53%
NET SERVICE FEES AND COMMISSION INCOME	1,681,532,824	1,533,310,116	1,257,384,725	1,863,504,377	148,222,708	9.67%	275,925,391	21.94%	(606,119,652)	-32.53%
OTHER OPERATING INCOME (CHARGES)										
Gain on foreclosure and sale of investment properties-net	801,738,724	571,276,769	326,868,825	611,833,898	230,461,955	40.34%	244,407,944	74.77%	(284,965,073)	-46.58%
Gain on foreclosure and sale of chattel mortgage properties	700,214,707	142,185,112	(458,776,805)	(84,902,195)	558,029,595	392.47%	600,961,917	-130.99%	(373,874,610)	440.36%
Gain on sale of property and equipment	12,079,779	2,042,084	2,045,386	8,132,940	10,037,695	491.54%	(3,302)	-0.16%	(6,087,554)	-74.85%
Trading and securities gains (loss) - net	2,455,186	14,444,605	1,646,343,564	223,992,445	(11,989,419)	-83.00%	(1,631,898,959)	-99.12%	1,422,351,119	635.00%
Foreign exchange gain (loss)	(6,075,489)	(8,168,185)	27,217,634	65,884,165	2,092,696	-25.62%	(35,385,819)	-130.01%	(38,666,531)	-58.69%
Miscellaneous	777,775,337	700,430,805	15,466,029	554,897,890	77,344,532	11.04%	684,964,775	4428.83%	(539,431,861)	-97.21%
	2,288,188,244	1,422,211,190	1,559,164,633	1,379,839,143	865,977,054	60.89%	(136,953,444)	-8.78%	179,325,490	13.00%
Total Operating Income	₱15,020,371,762	₱15,160,281,992	₱16,569,501,957	₱14,602,211,845	(₱139,910,230)	-0.92%	(₱1,409,219,966)	-8.50%	₱1,967,290,112	13.47%

(Forward)

	Years Ended December 31				Amount	%	Amount	%	Amount	%
	2022	2021	2020	2019	2022 vs 2021		2021 vs 2020		2020 vs 2019	
OTHER EXPENSES										
Compensation and fringe benefits	₱3,640,553,887	₱3,545,335,550	₱3,635,622,388	₱3,520,613,973	₱95,218,337	2.69%	(₱90,286,838)	-2.48%	₱115,008,415	3.27%
Taxes and licenses	1,612,926,317	1,586,134,257	1,571,869,031	1,549,754,043	26,792,060	1.69%	14,265,226	0.91%	22,114,988	1.43%
Provision for impairment and credit losses	1,306,242,436	3,070,678,224	6,397,259,386	2,214,989,857	(1,764,435,788)	-57.46%	(3,326,581,162)	-52.00%	4,182,269,529	188.82%
Depreciation and amortization	755,952,721	836,327,579	899,545,800	910,341,824	(80,374,858)	-9.61%	(63,218,221)	-7.03%	(10,796,024)	-1.19%
Security, messengerial and janitorial services	413,011,422	349,532,682	438,391,419	453,062,842	63,478,740	18.16%	(88,858,737)	-20.27%	(14,671,423)	-3.24%
Occupancy and equipment-related costs	344,568,484	352,588,645	363,406,183	322,330,030	(8,020,161)	-2.27%	(10,817,538)	-2.98%	41,076,153	12.74%
Amortization of software costs	102,850,715	113,649,164	128,137,358	135,054,994	(10,798,449)	-9.50%	(14,488,194)	-11.31%	(6,917,636)	-5.12%
Miscellaneous	2,130,720,607	2,082,202,991	2,084,820,313	2,023,191,282	48,517,616	2.33%	(2,617,322)	-0.13%	61,629,031	3.05%
	10,306,826,589	11,936,449,092	15,519,051,878	11,129,338,845	(1,629,622,503)	-13.65%	(3,582,602,786)	-23.09%	4,389,713,033	39.44%
INCOME BEFORE SHARE IN NET INCOME OF A JOINT VENTURE AND INCOME TAX	4,713,545,173	3,223,832,900	1,050,450,079	3,472,873,000	1,489,712,273	46.21%	2,173,382,820	206.90%	(2,422,422,921)	-69.75%
SHARE IN NET INCOME OF A JOINT VENTURE	83,418,474	41,914,529	40,299,304	105,905,423	41,503,945	99.02%	1,615,225	4.01%	(65,606,119)	-61.95%
INCOME BEFORE INCOME TAX	4,796,963,647	3,265,747,428	1,090,749,383	3,578,778,423	1,531,216,219	46.89%	2,174,998,045	199.40%	(2,488,029,040)	-69.52%
Current	783,316,316	312,183,551	766,276,709	414,828,340	471,132,765	150.92%	(454,093,158)	-59.26%	351,448,369	84.72%
Deferred	335,219,072	1,414,071,157	(783,739,604)	135,612,443	(1,078,852,085)	-76.29%	2,197,810,761	-280.43%	(919,352,047)	-677.93%
	1,118,535,388	1,726,254,708	(17,462,895)	550,440,783	(607,719,320)	-35.20%	1,743,717,603	-9985.27%	(567,903,678)	-103.17%
NET INCOME	₱3,678,428,259	₱1,539,492,720	₱1,108,212,279	₱3,028,337,640	₱2,138,935,539	138.94%	₱431,280,442	38.92%	₱1,920,125,361	-63.41%
Basic/Diluted Earnings Per Share	₱8.62	₱3.61	₱2.60	₱7.21						

Part III. Management Discussion and Analysis

A. Analysis of Statements of Condition

As of December 31, 2022 and 2021

In 2022, the Bank recorded Total Assets at ₱264.42 billion, ₱2.61 billion higher as compared to the December 2021 level of ₱261.81 billion. The growth was primarily due to increases in investment portfolio.

Loans and Receivables, net of allowance and unearned interest and discounts, representing 41.49% of total assets were posted at ₱109.70 billion, lower by ₱414.20 million from December 2021 level of ₱110.11 billion. Auto Loans increased by 4.70%, while Mortgage Loans decreased by 7.09%.

Interbank Loans Receivable and Securities Purchased under Resale Agreements decreased by 41.11% from ₱4.53 billion in 2021 to ₱2.67 billion in December 2022.

Investments securities represent 37.85% and 31.03% of total assets as of December 31, 2022 and 2021, respectively. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) increased to ₱69.66 billion in December 2022, or ₱9.39 billion higher than the December 2021 level of ₱60.27 billion. Meanwhile, Investment securities at amortized cost amounted to ₱30.42 billion, 45.13% higher compared to December 2021 level of ₱20.96 billion. Fair Value through Profit or Loss Investments (FVTPL) amounted to ₱0.04 million in December 2022.

Due from Other Banks was registered at ₱2.91 billion, 112.92% or ₱1.54 billion higher than the December 2021 level of ₱1.37 billion. Cash and Other Cash Items decreased to ₱1.93 billion versus ₱2.80 billion in December 2021. Further, Due from Bangko Sentral ng Pilipinas also decreased by ₱14.87 billion to ₱37.55 billion versus ₱52.43 billion in December 2021.

Investment in a joint venture went up by ₱53.36 million to ₱816.28 million from ₱762.93 million in December 2021 due to the recognition of PSBank's share in the net earnings of Sumisho Motor Finance Corporation (SMFC), a joint venture between PSBank and Sumitomo Corporation. The increase from the recognition of share in net earnings was partially reduced by the dividend received by the Bank from SMFC amounting to ₱30.06 million. As of December 31, 2022 and 2021, the Bank's ownership interest in SMFC is 30.00%.

Investment Properties increased by 14.90% or 522.87 million to ₱4.03 billion as of December 31, 2022 from ₱3.51 billion as of December 31, 2021 due to foreclosure of investment properties. Property and Equipment also increased by ₱188.27 million to ₱3.13 billion as of December 31, 2022.

Deferred Tax Asset was lower at ₱280.11 million from ₱576.79 million. Likewise, Goodwill and Intangible Assets decreased to ₱333.89 million in December 2022 from ₱361.19 million in December 2021. Other Assets went down to ₱988.12 million from ₱1.19 billion as of December 31, 2021.

The Bank's deposit level comprising of 94.06% of total liabilities reached ₱213.77 billion as of December 31, 2022, 1.39% lower than the ₱216.80 billion posted last year.

Treasurer's, Cashier's and Manager's Checks increased to ₱1.01 billion from ₱593.63 million last December 31, 2021. Likewise, Accrued Taxes, Interest and Other Expenses increased by ₱821.45 million to ₱2.51 billion in December 2022 from ₱1.68 billion as of December 31, 2021. Income Tax Payable was nil as of December 31, 2022 compared to ₱0.08 million recorded in December 2021. Other Liabilities went up to ₱4.15 billion, 29.65% higher than ₱3.20 billion posted last year.

Total Capital remained strong at ₱37.14 billion, ₱2.25 billion higher from the ₱34.89 billion posted as of December 31, 2021. The Bank reflected a negative ₱48.78 million Fair Value Reserves on Financial Assets at FVOCI, ₱51.19 million lower than ₱2.41 million in December 2021.

Return on Average Equity (ROAE) stood at 10.21% in December 2022 versus 4.44% in December 2021. Return on Average Assets (ROAA) was better at 1.40% in 2022 from 0.64% in 2021.

As of December 31, 2021 and 2020

In 2021, the Bank recorded Total Assets at ₱261.81 billion, ₱42.39 billion higher as compared to the December 2020 level of ₱219.41 billion. The growth was primarily due to increases in investment portfolio, including placements in Bangko Sentral ng Pilipinas (BSP).

Loans and Receivables, net of allowance and unearned interest and discounts, representing 42.06% of total assets were posted at ₱110.11 billion, lower by ₱32.41 billion from December 2020 level of ₱142.52 billion. Auto Loans and Mortgage Loans decreased by 26.41% and 10.21%, respectively.

Interbank Loans Receivable and Securities Purchased under Resale Agreements decreased by 16.77% from ₱5.45 billion in 2020 to ₱4.53 billion in December 2021.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) increased to ₱60.27 billion in December 2021, or ₱50.21 billion higher than the December 2020 level of ₱10.06 billion. Meanwhile, Investment securities at amortized cost amounted to ₱20.96 billion, 52.61% higher compared to December 2020 level of ₱13.74 billion. Fair Value through Profit or Loss Investments (FVTPL) amounted to ₱0.04 million in December 2021. Overall, these investment accounts comprised 31.03% of the total assets.

In 2020, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion, resulting in gain on disposal of investment securities at amortized cost totaling ₱1.3 billion. The sale was made as there were changes in the Bank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the disposals in 2020 were assessed as not inconsistent with the Bank's HTC business model as the disposals were considered infrequent even if significant in value. In 2021, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱378.7 million, resulting in gain on disposal of investment securities at amortized cost amounting to ₱11.7 million. The disposal in 2021 was assessed as not inconsistent with the Bank's HTC business model as the disposal was considered infrequent and insignificant in value. Further, the Bank assessed that the disposals did not reflect a change in the Bank's objectives for the HTC business model. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost.

Due from Other Banks was registered at ₱1.37 billion, 6.47% or ₱94.55 million lower than the December 2020 level of ₱1.46 billion. Likewise, Cash and Other Cash Items also decreased to ₱2.80 billion versus ₱2.84 billion in December 2020. Due from Bangko Sentral ng Pilipinas increased by ₱20.74 billion to ₱52.43 billion versus ₱31.69 billion as of December 2020.

Investment in a joint venture went up by ₱57.45 million to ₱762.93 million from ₱705.48 million in December 2020 due to cash dividend received by the Bank.

Investment Properties went down to ₱3.51 billion as of December 2021 from ₱3.59 billion compared last year due to sale of investment properties. Property and Equipment decreased by ₱151.36 million to ₱2.94 billion as of December 2021. Effective January 1, 2019, the Bank adopted PFRS 16, Leases. The adoption resulted to recognition of right of use asset under 'property and equipment' and lease liability under 'other liabilities' accounts.

Deferred Tax Asset was lower at ₱0.58 billion from ₱2.09 billion while Goodwill and Intangible Assets decreased to ₱361.19 million in December 2021 from ₱441.14 million in December 2020. Other Assets decreased by 31.76% or ₱553.25 million to ₱1.19 billion from ₱1.74 billion as of December 2020.

The Bank's deposit level, representing 95.54% of total liabilities reached ₱216.80 billion as of December 2021, 29.46% higher than the ₱167.46 billion posted last year.

As of December 2021, the Bank's Bonds Payable, net of prepaid expenses, amounted to ₱4.63 billion. The ₱6.30 billion Peso Fixed Rate Bonds (PFRBs) issued last July 2019 matured in July 2021. The 2-year bond was priced at 5.60% per annum with interest payments made every quarter and full principal paid out at maturity.

On December 10, 2018, the Bank issued MTFNs amounting to ₱3.0 billion with a tenor of one (1) year and six (6) Months and due on June 10, 2020 with interest rate of 7.07% per annum payable quarterly. Interest payment dates shall commence on March 10, 2019 and up to and including the maturity date. The minimum investment

size for the MTFNs is ₱10.0 million with increments of ₱0.1 million thereafter. On June 10, 2020, the Bank paid its outstanding MTFNs.

Treasurer's, Cashier's and Manager's Checks increased to ₱0.59 billion from ₱0.53 billion last December 31, 2020. On the other hand, Accrued Taxes, Interest and Other Expenses decreased by ₱98.16 million to ₱1.68 billion in December 2021 from ₱1.78 billion as of December 31, 2020. Income Tax Payable went down to ₱0.08 million as of December 2021 from ₱322.02 million in December 2020. Other Liabilities decreased to ₱3.20 billion, 17.83% lower from ₱3.90 billion posted last year.

Total Capital remained strong at ₱34.89 billion, ₱383.35 million higher from the ₱34.51 billion posted as of December 2020. The Bank reflected a ₱2.41 million Fair Value Reserves on Financial Assets at FVOCI, ₱10.65 million lower than ₱13.06 million in December 2020.

On January 16, 2020, the Securities and Exchange Commission ("SEC") approved the stock dividend equivalent to 43,750,000 common share of PSBank with January 31, 2020 as record date and February 21, 2020 as payment date for the required subscription to the increase in capital stock of the Bank from ₱4.25 billion to ₱6.00 billion.

Return on Average Equity (ROAE) stood at 4.44% in December 2021 versus 3.21% in December 2020. Return on Average Assets (ROAA) increased to 0.64% in 2021 from 0.50% in 2020.

As of December 31, 2020 and 2019

The Bank's Total Assets as of December 31, 2020 stood at ₱219.41 billion, ₱5.49 billion lower than the December 2019 level of ₱224.91 billion.

Loans and Receivables, net of allowance and unearned interest and discounts, representing 64.96% of total assets were posted at ₱142.52 billion, lower by ₱21.86 billion from December 2019 level of ₱164.38 billion. Auto Loans and Mortgage Loans decreased by 16.40% and 3.64%, respectively.

As of December 31, 2020, Interbank Loans Receivable and Securities Purchased under Resale Agreements amounted to ₱5.45 billion.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) increased to ₱10.06 billion in December 2020, or ₱5.28 billion higher than the December 2019 level of ₱4.78 billion. Meanwhile, Investment securities at amortized cost amounted to ₱13.74 billion as of December 2020, 59.88% lower compared to December 2019 level of ₱34.23 billion. Fair Value through Profit or Loss Investments (FVTPL) amounted to ₱0.05 million in December 2020. Overall, these investment accounts comprised 10.84% of the total assets.

In 2020, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion resulting in gain on disposal of investment securities at amortized cost totalling ₱1.3 billion. The sale was made as there were changes in the Bank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the sale in 2020 is not inconsistent with the Bank's HTC business model as the sale was considered infrequent even if significant in value. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost. Further, the Bank assessed that the sale did not reflect a change in the Bank's objectives for the HTC business model.

Due from Other Banks as of December 2020 was at ₱1.46 billion, 28.35% or ₱322.83 million higher than the December 2019 level of ₱1.14 billion. Likewise, Cash and Other Cash Items also increased to ₱2.84 billion versus ₱2.28 billion in December 2019. Due from Bangko Sentral ng Pilipinas increased by ₱24.87 billion to ₱31.69 billion versus ₱6.81 billion as of December 2019.

Investment in a joint venture went down by ₱50.30 million to ₱705.48 million from ₱755.78 million in December 2019 due to cash dividend received by the Bank.

Investment Properties went down to ₱3.59 billion as of December 2020 from ₱3.77 billion in December 2019 due to sale of investment properties. Property and Equipment decreased by ₱223.02 million to ₱3.09 billion as of December 2020. Effective January 1, 2019, the Bank adopted PFRS 16, Leases. The adoption resulted to

recognition of right of use asset under 'property and equipment' and lease liability under 'other liabilities' accounts.

Deferred Tax Asset was higher at ₱2.09 billion from ₱1.40 billion while Intangible Assets and Goodwill slightly decreased to ₱441.14 million in December 2020 from ₱480.46 million in December 2019. Other Assets increased by 11.32% or ₱177.22 million to ₱1.74 billion from ₱1.56 billion as of December 2019 mainly due to the increase in foreclosed chattel mortgage.

The Bank's deposit level, comprising 90.57% of total liabilities reached ₱167.46 billion as of December 2020, 2.92% lower than the ₱172.51 billion as of December 2019.

As of December 31, 2019, Bills Payable representing Interbank Borrowing and Securities Sold under Repurchase Agreement (SSURA) amounted to ₱4.19 billion.

The Bonds payables, net of debt issuance cost was recorded at ₱10.90 billion in December 2020, 74.31% or ₱4.65 billion higher than the year-end level of ₱6.25 billion.

On February 04, 2020, the Bank issued fixed rate bonds amounting to ₱4.65 billion with a tenor of three (3) years and due on February 4, 2023 with interest rate of 4.5% per annum payable quarterly.

On December 10, 2018, the Bank issued MTFNs amounting to ₱3.0 billion with a tenor of one (1) year and six (6) months and due on June 10, 2020 with interest rate of 7.07% per annum payable quarterly. On June 10, 2020, the Bank paid its outstanding MTFNs.

Treasurer's, Cashier's and Manager's Checks decreased to ₱0.53 billion from ₱1.30 billion last December 31, 2019. On the other hand, Accrued Taxes, Interest and Other Expenses increased by ₱373.47 million to ₱1.78 billion in December 2020 from ₱1.41 billion as of December 31, 2019. Lease Liabilities went down to ₱1.34 billion in December 2020 versus ₱1.47 billion recorded in December 2019 as the Bank adopted in January 2019 PFRS 16, Leases. Income Tax Payable in December 2020 stood at ₱322.02 million. Other Liabilities was posted at ₱2.56 billion from ₱3.33 billion as of December 2019.

Total Capital stood at ₱34.51 billion, ₱53.45 million higher from the ₱34.46 billion posted as of December 2019. The Bank reflected a ₱13.06 million Fair Value Reserves on Financial Assets at FVOCI from (₱18.93) million in December 2019.

On January 16, 2020, the Securities and Exchange Commission ("SEC") approved the stock dividend equivalent to 43,750,000 common share of PSBank with January 31, 2020 as record date and February 21, 2020 as payment date for the required subscription to the increase in capital stock of the Bank from ₱4.25 billion to ₱6.00 billion.

Return on Average Equity (ROAE) slid to 3.21% in December 2020 versus 10.29% in December 2019. Return on Average Assets (ROAA) decreased to 0.50% in 2020 from 1.31% in 2019.

B. Discussion of Results of Operations

For the years ended December 31, 2022 and 2021

The Bank achieved a record-high net income of ₱3.68 billion in 2022, a growth of 138.94% or more than double compared to ₱1.54 billion in 2021. The Bank's remarkable performance was attributed to higher loan demand, better asset quality, increase in non-interest revenues and prudent expense management.

Total revenues reached ₱15.02 billion with combined fees, commissions, and other income amounting to ₱3.97 billion, higher by 34% year on year. Total Interest Income was reflected at ₱14.19 billion, slightly lower by 1.23% than ₱14.36 billion recorded last year. Total Interest Expense went up to ₱3.14 billion from ₱2.16 billion in 2022. Net Interest Income declined by 9.46% or ₱1.15 billion to ₱11.05 billion from the ₱12.20 billion posted last year.

Interest income on Loans and Receivables was recorded at ₱10.16 billion, 16.37% lower than the ₱12.15 billion recorded last year. Interest income on Financial Assets at FVOCI and Investment Securities at Amortized cost was higher by 73.23% or ₱1.09 billion to ₱2.57 billion from ₱1.49 billion in 2021. Interest Income on FVTPL Investments slid to ₱0.002 million from ₱11.27 million in 2021. On the other hand, Interest earned from deposits with BSP increased by ₱606.15 million to ₱1.25 billion from ₱648.06 million due to higher placements in 2022. Interest earned from Interbank Loans Receivable and SPURA was recorded at ₱195.78 million, 177.34% higher than the ₱70.59 million in 2021. Interest income from deposits with other banks jumped to ₱4.10 million from ₱0.05 million last year.

Interest Expense on the Bank's deposit liabilities increased by 71.72% to ₱2.81 billion from ₱1.64 billion. The Bank recorded ₱224.04 million in Interest Expense on Bonds Payable for the year 2022, ₱213.49 million or 48.80% lower than the ₱437.53 million in 2021. Meanwhile, Interest Expense on Bills Payable was recorded at ₱21.92 million for the year ended December 31, 2022.

On February 04, 2020, the Bank issued fixed rate bonds amounting to ₱4.65 billion with a tenor of three (3) years and due on February 4, 2023 with interest rate of 4.5% per annum payable quarterly. On July 24, 2019, the Bank issued fixed rate bonds amounting to ₱6.30 billion with a tenor of two (2) years and due on July 24, 2021 with interest rate of 5.6% per annum payable quarterly. The minimum investment size for the bonds payable is ₱0.5 million with increments of ₱0.1 million thereafter. On July 24, 2021, the Bank paid its outstanding bonds.

The Bank recognized interest expense on lease liabilities amounting to ₱79.87 million and ₱85.20 million in 2022 and 2021, respectively. Prior to adoption of PFRS 16, rentals charged against profit or loss under these lease contracts is included in Occupancy and Equipment – related cost account.

Net Service Fees and Commission Income increased by 9.67% to ₱1.68 billion versus ₱1.53 billion in 2021.

The Bank's Net Interest Income went down 9.46% versus last year. This was primarily due to the drop in Interest Income on Loans and Receivables to ₱10.16 billion resulting from the slow demand for consumer loans during the pandemic.

Meanwhile, Other Operating Income increased by 60.89% or ₱865.98 million to ₱2.29 billion due to higher gain on foreclosure and sale of both investment properties and chattel mortgage recorded during 2022. The Bank registered ₱2.46 million trading gains for the year 2022, ₱11.99 million lower than the ₱14.44 million trading gains in 2021.

For the year ended December 31, 2022, the Bank posted a net gain on the foreclosure and sale of investment properties amounting to ₱801.74 million, 40.34% higher compared with the ₱571.28 million gains last year. Also, gain on foreclosure and sale of chattel mortgage properties rose to ₱700.21 million from ₱142.19 million in 2021. Miscellaneous Income was higher by ₱77.34 million to ₱777.78 million mainly due to recoveries from loan accounts previously written-off and amortization of debt modification. Meanwhile, Foreign Exchange Loss was posted at ₱6.08 million for the year ended December 31, 2022.

Other Operating Expenses, excluding provision for impairment and credit losses, increased by only 1.52% to ₱9.00 billion from ₱8.87 billion in 2021 due to the Bank's sustained efforts in productivity, process efficiency and automation has kept operating expenses under control. Taxes and Licenses went up by ₱26.79 million or 1.69% to ₱1.61 billion from ₱1.59 billion posted last year. Compensation and Fringe Benefits amounted to ₱3.64 billion while Occupancy and equipment-related cost amounted to ₱344.57 million. Depreciation and amortization of Bank's properties and leasehold improvements went down from ₱836.33 million to ₱755.95 million in 2022. Security, messengerial and janitorial services was posted at ₱413.01 million. Meanwhile, amortization of software was recorded at ₱102.85 million. Miscellaneous Expenses was higher by 2.33% to ₱2.13 billion in 2022 from ₱2.08 billion in 2021.

For the year ended December 31, 2022, the Bank set aside ₱1.31 billion in provision for impairment and credit losses. There was a significant drop in credit provisions by 57.46% versus the same period last year due to improved asset quality complemented by efficient collection and recovery efforts.

The Bank also reported share in net income from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱83.42 million and ₱41.94 million for the years ended December 31, 2022 and 2021, respectively.

For the years ended December 31, 2021 and 2020

The Bank registered a Net Income after Tax of ₱1.54 billion for the year ended December 2021, 38.92% or ₱0.43 billion higher compared last year. This was largely driven by an increase in fee income by 21.94%, operating efficiencies which saw expenses decline by 2.81%, and reduction in loan loss provisions owing largely to improved asset quality and effective collection efforts.

Total Interest Income decreased by 17.05% compared to previous year.

Interest income on Loans and Receivables was recorded at ₱12.15 billion, 22.45% lower than the ₱15.67 billion recorded last year. Interest income on Financial Assets at FVOCI and Investment Securities at Amortized cost went up to ₱1.49 billion from ₱1.30 billion year on year. Interest Income on FVTPL Investments slid to ₱11.27 million from ₱45.04 million in 2020. On the other hand, Interest earned from deposits with BSP increased by ₱426.17 million to ₱648.06 million from ₱221.89 million due to higher placements in 2021. Interest earned from Interbank Loans Receivable and SPURA was recorded at ₱70.59 million, 17.01% lower than the ₱85.06 million in 2020. Interest income from deposits with other banks decreased to ₱0.05 million

Interest Expense on the Bank's deposit liabilities went down by 40.93% to ₱1.64 billion from ₱2.77 billion. The Bank recorded ₱437.53 million in Interest Expense on Bonds Payable for the year 2021 while Interest Expense on Bills Payable dropped to ₱41.97 thousand from ₱110.40 million due to redemption of matured Medium Term Fixed Rate Notes (MTFNs) in June 2020.

On February 04, 2020, the Bank issued fixed rate bonds amounting to ₱4.65 billion with a tenor of three (3) years and due on February 4, 2023 with interest rate of 4.5% per annum payable quarterly. On July 24, 2019, the Bank issued fixed rate bonds amounting to ₱6.30 billion with a tenor of two (2) years and due on July 24, 2021 with interest rate of 5.6% per annum payable quarterly. The minimum investment size for the bonds payable is ₱0.5 million with increments of ₱0.1 million thereafter. On July 24, 2021, the Bank paid its outstanding bonds.

On December 10, 2018, the Bank issued MTFNs amounting to ₱3.0 billion with a tenor of one (1) year and six (6) months and due on June 10, 2020 with interest rate of 7.07% per annum payable quarterly. On June 10, 2020, the Bank paid its outstanding MTFNs.

The Bank recognized interest expense on lease liabilities amounting to ₱85.20 million and ₱99.54 million in 2021 and 2020, respectively. Prior to adoption of PFRS 16, rentals charged against profit or loss under these lease contracts is included in Occupancy and Equipment – related cost account.

Net Service Fees and Commission Income increased by 21.94% to ₱1.53 billion versus ₱1.26 billion in 2020.

The Bank's Net Interest Income went down 11.26% versus last year. This was primarily due to the decrease in Interest Income on Loans and Receivables to ₱12.15 billion resulting from the slow demand for consumer loans during the pandemic.

On February 15, 2019, the BOD approved the Bank's option to call the Tier 2 Notes issued in 2014 on its fifth year anniversary or on August 23, 2019. The request of the Bank to exercise the same was approved by the BSP on April 24, 2019. The redemption falls under the call provisions of the Tier 2 Notes worth ₱3.0 Billion, which had an original maturity of ten years or until 2024. On August 23, 2019 the Bank exercised its call option and paid ₱3.0 billion to all noteholders.

Meanwhile, Other Operating Income decreased by 8.78% or ₱136.95 million to ₱1.42 billion due to lower trading gains recorded during 2021. The Bank registered ₱14.44 million trading gains for the year 2021, ₱1.63 billion lower than the ₱1.65 billion trading gains in 2020.

In 2020, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion resulting in gain on disposal of investment securities at amortized cost

totalling ₱1.3 billion. The sale was made as there were changes in the Bank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the sale in 2020 is not inconsistent with the Bank's HTC business model as the sale was considered infrequent even if significant in value. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost. Furthermore, the Bank assessed that the sale did not reflect a change in the Bank's objectives for the HTC business model.

For the year ended December 30, 2021, the Bank recorded a net gain on the foreclosure and sale of investment properties amounting to ₱571.28 million, 74.77% higher compared with the ₱326.87 million gains last year. On the other hand, net loss on foreclosure and sale of chattel mortgage properties improved by ₱600.96 million to ₱142.19 million compared to (₱458.78) million in 2020. Miscellaneous Income was higher by ₱684.96 million to ₱700.43 million mainly due to recoveries from loan accounts previously written-off and amortization of debt modification. Meanwhile, Foreign Exchange loss was posted at ₱8.17 million for the year ended December 31, 2021.

Other Operating Expenses, excluding provision for impairment and credit losses, decreased by 2.81% to ₱8.87 billion from ₱9.12 billion in 2020. Taxes and Licenses went up by ₱14.27 million or 0.91% to ₱1.59 billion from ₱1.57 billion previous year. Compensation and Fringe Benefits amounted to ₱3.55 billion while Occupancy and equipment-related cost amounted to ₱352.59 million. Depreciation and amortization of Bank's properties and leasehold improvements went down from ₱899.55 million to ₱836.33 million in 2021. Security, messengerial and janitorial services was posted at ₱349.53 million. Meanwhile, amortization of software was recorded at ₱113.65 million. Miscellaneous Expenses was lower by 0.13% to ₱0.08 billion.

For the year ended December 31, 2021, the Bank set aside ₱3.07 billion in provision for impairment and credit losses. This was 52.00% lower than previous year due to improvement in delinquencies from credit and collection efforts.

The Bank also reported share in net income from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱41.91 million and ₱40.30 million for the years ended December 31, 2021 and 2020, respectively.

For the years ended December 31, 2020 and 2019

The Bank posted a Net Income after Tax of ₱1.11 billion as of December 2020 or ₱1.92 billion lower compared to the same period last year. The decrease in net income is due to higher provision for credit and impairment losses in 2020.

Total Interest Income recorded in 2020 amounted to ₱ 17.32 billion.

Interest income on Loans and Receivables was 1.20% higher at ₱15.67 billion from ₱15.48 billion. Interest earned from Interbank Loans Receivable and SPURA increased to ₱85.06 million or ₱54.92 million better than the ₱30.14 million posted in 2019.

Interest income from Financial Assets at FVOCI and Investment securities at amortized cost went down to ₱1.30 billion in 2020 from ₱1.90 billion. Meanwhile, Interest income from FVTPL investments stood at ₱45.04 million in 2020.

Interest earned from deposits with BSP increased to ₱221.89 million from ₱0.83 million in 2019. On the other hand, interest income from other banks decreased by 71.03% to ₱1.18 million in 2020.

Interest Expense on the Bank's deposit liabilities decreased by 47.98% to ₱2.77 billion from ₱5.33 billion. Interest Expense on Bills payable declined to ₱110.40 million or 65.47% lower from ₱319.72 million last year. On the other hand, Interest Expense on Bonds payable increased to ₱583.41 million or ₱415.81 million higher from ₱167.60 million in 2019.

On February 04, 2020, the Bank issued fixed rate bonds amounting to ₱4.65 billion with a tenor of three (3) years and due on February 4, 2023 with interest rate of 4.5% per annum payable quarterly.

On December 10, 2018, the Bank issued MTFNs amounting to ₱3.0 billion with a tenor of one (1) year and six (6) months and due on June 10, 2020 with interest rate of 7.07% per annum payable quarterly. On June 10, 2020, the Bank paid its outstanding MTFNs.

Interest expense incurred on Subordinated (Tier 2) notes amounted to ₱125.1 million in 2019 and nil in 2020.

On February 15, 2019, the BOD approved the Bank's option to call the Tier 2 Notes issued in 2014 on its fifth year anniversary or on August 23, 2019. The request of the Bank to exercise the same was approved by the BSP on April 24, 2019. The redemption falls under the call provisions of the Tier 2 Notes worth ₱3.0 billion, which had an original maturity of ten years or until 2024.

On August 23, 2019 the Bank exercised its call option and paid ₱3.0 billion to all noteholders.

The Bank recognized interest expense on lease liabilities (included in 'Interest expense' in the statements of income) amounting to ₱99.54 million and ₱113.56 million in 2020 and 2019, respectively. Prior to adoption of PFRS 16, rentals charged against profit or loss under these lease contracts are included in 'Occupancy and equipment-related costs'.

As of December 2020, Net interest Income improved to ₱13.75 billion from ₱11.36 billion in 2019.

Net Service Fees and Commission Income decreased to ₱1.26 billion, 32.53% lower from the ₱1.86 billion recorded last year.

Meanwhile, Other Operating Income increased by 13.00% or ₱179.33 million to ₱1.56 billion due to higher trading gains recorded during 2020. The Bank reflected a ₱1.29 billion Gain on disposal of investment securities at amortized cost and ₱354.43 million trading and securities gains in 2020.

In 2020, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion resulting in gain on disposal of investment securities at amortized cost totalling ₱1.3 billion. The sale was made as there were changes in the Bank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the sale in 2020 is not inconsistent with the Bank's HTC business model as the sale was considered infrequent even if significant in value. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost. Furthermore, the Bank assessed that the sale did not reflect a change in the Bank's objectives for the HTC business model.

The Bank registered a net loss on foreclosure and sale of chattel mortgage amounting to ₱458.78 million from ₱84.90 million in 2019. As of December 2020, the Bank posted a ₱326.87 million gains on foreclosure and sale of investment properties versus ₱611.83 million a year-ago. Gain on sale of property and equipment decreased by ₱6.09 million to ₱2.05 million from year-ago level of ₱8.13 million. Miscellaneous Income was lower by ₱539.43 million to ₱15.47 million.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges. In 2020, total modification loss recognized in the statement of income under 'Miscellaneous income' amounted to ₱508.8 million (Note 23). Subsequent accretion of modified loans amounting to ₱134.6 million and ₱82.2 million in 2021 and 2020, respectively.

Foreign Exchange gain was posted at ₱27.22 million from ₱65.88 million recorded a year ago.

Other Operating Expenses, excluding provision for impairment and credit losses, increased by 2.33% to ₱9.12 billion from ₱8.91 billion in 2019. Taxes and Licenses went up by ₱22.11 million or 1.43% to ₱1.57 billion from ₱1.55 billion. Depreciation and amortization of Bank's properties and leasehold improvements decreased from ₱910.34 million to ₱899.55 million. Meanwhile, amortization of software costs was recorded at ₱128.14 million. Compensation and Fringe Benefits amounted to ₱3.64 billion while security, messengerial and janitorial services was at ₱438.39 million. Miscellaneous Expenses was registered at ₱2.08 billion versus ₱2.02 billion during the same period last year.

As of December 2020, the Bank set aside ₱6.40 billion in provision for impairment and credit losses.

The Bank also reported share in net income from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱40.30 million from ₱105.91 million as of December 2019.

B. Analysis of Key Performance Indicators

		2022	2021	2020
Return on Average Assets	ROAA	1.40%	0.64%	0.50%
Return on Average Equity	ROAE	10.21%	4.44%	3.21%
Net Interest Margin on				
Average Earning Assets	NIM	4.66%	5.81%	7.26%
Debt-Equity Ratio	DER	6:11:1	6.50:1	5.36:1
Asset-to-Equity Ratio	AER	7:11:1	7.50:1	6.36:1
Interest Rate Coverage Ratio	IRCR	2:52:1	2.51:1	1.31:1
Liquidity/Current Ratio	LR	62.41%	65.57%	43.60%
Capital-to-Risk Assets Ratio	CAR	24.85%	24.29%	19.42%
Earnings per share	EPS	₱8.62	₱3.61	₱2.60

2022 vs. 2021 Comparative highlights on key performance indicators

1. Return on Average Assets (ROAA) increased to 1.40% in 2022 from 0.64% in 2021. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
2. Return on Average Equity (ROAE) rose to 10.21% in 2022 from 4.44% in 2021. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
3. Net Interest Margin on Average Earning Assets (NIM) went down from 5.81% in 2021 to 4.66% in 2022. NIM is calculated by dividing the net interest income by the average earning assets.
4. Debt-to-Equity Ratio (DER) went down to 6.11:1 as of December 31, 2022 versus 6.50:1 as of December 31, 2021. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
5. Asset-to-Equity Ratio (AER) was lower at 7.11:1 in 2022 versus 7.50:1 in 2021. AER is computed by dividing the total assets by total shareholder's equity.
6. Interest Rate Coverage Ratio (IRCR) was at 2.52:1 as of December 31, 2022 and 2.51:1 as of December 31, 2021. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.
7. Liquidity Ratio (LR) increased in 2022 was at 62.41% in 2022 compared to 65.57% in 2021. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
8. Capital-to-Risk Assets Ratio (CAR) was better at 24.85% in 2022 versus 24.29% in 2021. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).

9. Earnings per Share (EPS) improved to ₱8.62 in 2022 from ₱3.61 in 2021. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.

2021 vs. 2020 Comparative highlights on key performance indicators

1. Return on Average Assets (ROAA) increased to 0.64% in 2021 from 0.50% in 2020. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
2. Return on Average Equity (ROAE) increased to 4.44% in 2021 from 3.21% in 2020. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
3. Net Interest Margin on Average Earning Assets (NIM) went down from 7.26% in 2020 to 5.81% in 2021 from 7.26% in 2020. NIM is calculated by dividing the net interest income by the average earning assets.
4. Debt-to-Equity Ratio (DER) increased at 6.50:1 as of December 31, 2021 versus 5.36:1 as of December 31, 2020. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
5. Asset-to-Equity Ratio (AER) increased to 7.50:1 in 2021 versus 6.36:1 in 2020. AER is computed by dividing the total assets by total shareholder's equity.
6. Interest Rate Coverage Ratio (IRCR) was at 2.51:1 as of December 31, 2021 and 1.31:1 as of December 31, 2020. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.
7. Liquidity Ratio (LR) increased in 2021 at 65.57% compared to 43.60% in 2020. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
8. Capital-to-Risk Assets Ratio (CAR) increased to 24.29% in 2021 versus 19.42% in 2020. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).
9. Earnings per Share (EPS) increased to ₱3.61 in 2021 from ₱2.60 in 2020. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.

2020 vs. 2019 Comparative highlights on key performance indicators

1. Return on Average Assets (ROAA) decreased to 0.50% in 2020 from 1.31% in 2019. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
2. Return on Average Equity (ROAE) decreased from 10.29% in 2019 to 3.21% in 2020. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
3. Net Interest Margin on Average Earning Assets (NIM) went up to 7.26% in 2020 from 5.82% in 2019. NIM is calculated by dividing the net interest income by the average earning assets.
4. Debt-to-Equity Ratio (DER) decreased to at 5.36:1 as of December 31, 2020 versus 5.53:1 as of December 31, 2019. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
5. Asset-to-Equity Ratio (AER) decreased to 6.36:1 in 2020 versus 6.53:1 in 2019. AER is computed by dividing the total assets by total shareholder's equity.

6. Interest Rate Coverage Ratio (IRCR) was at 1.31:1 as of December 31, 2020 and 1.59:1 as of December 31, 2019. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.

7. Liquidity Ratio (LR) increased in 2020 at 43.60% compared to 19.70% in 2019. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.

8. Capital-to-Risk Assets Ratio (CAR) increased from 17.76% to 19.42% in 2020. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).

9. Earnings per Share (EPS) decreased to ₱2.60 in 2020 from ₱7.21 in 2019. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares. EPS for the year ended December 31, 2019 and December 31, 2018 was restated to show the effect of stock dividends issued in 2020.

C. Key Variables and Other Qualitative and Quantitative Factors

Liquidity

PSBank manages its liquidity position to ensure that it has more than adequate funds to meet its obligations at any given time. The Bank monitors its daily liquidity and reserve position by determining inflows and outflows, short-term and long-term obligations, holdings and repayments. Short-term liquidity management identifies obligations and repayments in the next 12-months, aids in the determination of the securities trading strategy, and influences the Bank's pricing mechanism. On the other hand, long-term liquidity management covers maturing obligations and repayments of loans and investments beyond the next 12-months.

The level of liquid assets remained strong, exhibiting healthy growth in both placements with BSP/other banks and investments.

With the Bank's high capitalization, current liquidity position, strong deposit growth trend, continuing development of retail and corporate accounts, and prudent liquidity management, PSBank does not anticipate encountering any cash flow or liquidity problems in the next 12 months. It remains confident of its ability to meet its obligations and is committed to providing the necessary funding to support the projected loan growth, investment activities and expenditures for 2022.

The Bank also performs liquidity stress testing under various stress scenarios to ensure its ability to meet its funding obligations. The Bank has a Liquidity Contingency Funding Plan to anticipate and manage any funding crisis that may occur.

Events that will Trigger Direct or Contingent Financial Obligation

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are part of its lending and related businesses but due to their nature, may not be reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.

Also, several suit and claims, in behalf or against the Bank in relation to its operations, including labor-related cases are pending before the courts and quasi-judicial bodies. In the opinion of management, these suits and claims, if decided adversely, will not involve an amount having a material effect on the financial statements.

Material Off-Balance Sheet Transactions, Arrangements and Obligations

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2022	2021	2020
Trust department accounts	₱8,825,860,829	₱9,967,034,659	₱8,611,155,604
Stand-by credit lines	122,000,000	21,100,000	41,781,859
Spot foreign exchange and contracts sale	27,877,500	25,499,500	24,011,500
Late deposits/payments received	3,288,413	-	9,521,669
Items held for safekeeping	240,348	308,743	563,320
Others	60,626	63,528	565,680

None of these off-balance sheet transactions, arising in the ordinary course, either individually or in the aggregate, are expected to have a material adverse effect on the Bank's financial condition.

Material Commitments for Capital Expenditures

The Bank's capital expenditures in 2022 included expenses for IT-related activities on systems and licenses, and upgrade of bank premises including infrastructure, furniture, fixtures and equipment. Capital expenditures were sourced from the Bank's capital.

Causes for Any Material Changes from Period to Period of Financial Statements

See previous discussion on Analysis of Statement of Condition and Discussion of Results of Operations.

Known Trends, Events or Uncertainties or Seasonal Aspects

The financial statements of the Bank have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted by the Bank are consistent with those of the previous financial year, except that it has adopted new accounting pronouncements starting January 1, 2022. These new and revised accounting standards are presented in Note 2 of the Audited Financial Statements. Please refer to Annex A.

Unless otherwise indicated, these new and revised accounting standards have no impact to the Bank.

Information on Independent Accountant and Other Related Matters

SyCip Gorres Velayo & Co. (SGV & Co.), independent certified public accountants, audited the Bank's financial statements without qualification and in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of its examination, in its report to the stockholders and Board of Directors.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2022 and 2021 for professional services rendered by SGV & Co for the audit of the Bank's annual financial statements.

	2022	2021
Audit and Audit-Related Fees:	₱2,882,350*	₱2,681,057*
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements		

*Exclusive of 10% out-of-pocket expenses and (OPEs) and 12% value added tax (VAT).

Tax and All Other Fees for Services of External Auditor

The Bank has engaged the services of external auditor for compliance, advice, planning and any other form of services during the last three (3) years. The collective fees for each year ended December 31, 2022, 2021 and 2020 amounted to ₱44,000, ₱44,800 and ₱35,000, respectively.

In 2022, non-audit fees paid by the Bank to its external auditors did not outweigh its audit-related fees. These non-audit fees pertain to professional services rendered for PSBank Annual Stockholders Meeting while audit-

related fees pertain to regular year-end financial statement audit. Nonetheless, to ensure that the existing arrangements do not compromise our external auditor’s independence, separate engagement agreements and teams handled the said services.

Fees for Services of other Tax Consultant

The Bank also engaged the services of Du-Baladad and Associates for tax consultancy. The collective fees amounted to ₱266,112, ₱288,288 and ₱221,760 for 2022, 2021 and 2020, respectively.

Audit Committee’s Approval Policies and Procedures for Above Services

As Metrobank subsidiary, the Bank adopted the Parent’s policies and procedures on audit engagement contract for external auditors. The same was discussed and approved by the Audit Committee.

Included in the duties and responsibilities of the Audit Committee as provided for in the Audit Committee Charter are to recommend to the Board the appointment, re-appointment and dismissal of external auditors; to review and evaluate the external auditors’ qualifications, performance, independence, and objectivity; and to review the external auditors’ audit plan and scope among others.

The following are the members of Bank’s Audit Committee:

Committee Members	Position	Attendance	%
EDUARYDO 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%
SHERWIN U. LEE <i>Chief Audit Executive</i>	Secretary	14/14	100%



PHILIPPINE SAVINGS BANK
Metrobank Group

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **Philippine Savings Bank** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


JOSE T. PARDO
Chairman of the Board


JOSE VICENTE L. ALDE
President


LEAH M. ZAMORA
Controller

Signed this day of FEB 23 2023.

REPUBLIC OF THE PHILIPPINES
CITY OF MAKATI) S.S.

SUBSCRIBED AND SWORN TO before me this FEB 23 2023, affiants exhibiting to me their government-issued identification cards as follows:

Name	Passport/SSS	Date of Issue	Place of Issue
Jose T. Pardo			
Jose Vicente L. Alde		-	-
Leah M. Zamora			

Doc. No. 125
Page No. 26
Book No. 06
Series of 2023.

ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-028 UNTIL DECEMBER 31, 2024
MCLE COMPLIANCE NO. VII-0005549 APRIL 14, 2025
IBP LIFETIME NO. 018663. 01/03/2018 MAKATI CITY
PTR NO. 9565013. 01/03/2023 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDENO ST. MAKATI CITY
TEL NO. (02)8011-8042

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine Savings Bank
PSBank Center
777 Paseo de Roxas corner Sedeño Street
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philippine Savings Bank (“the Bank”), which comprise the statements of condition as at December 31, 2022 and 2021 and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Adequacy of allowance for credit losses on loans and receivables

The Bank's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Bank's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset and expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2022 amounted to ₱5.8 billion. Provision for credit losses of the Bank in 2022 amounted to ₱1.2 billion.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 15 to the financial statements.

Audit response

We obtained an understanding of the board-approved ECL methodologies and models used for the Bank's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Bank's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place; (c) tested the Bank's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Bank's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries including the timing, related direct costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Bank's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.



Further, we compared the data used in the ECL models from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures. We reviewed the completeness of the disclosures made in the financial statements.

Recognition of deferred tax assets

As of December 31, 2022, the net deferred tax assets amounted to P280.1 million. The recognition of deferred tax assets is significant to our audit because the assessment process is complex and judgmental and is based on assumptions such as availability of future taxable income and the timing of the reversal of the temporary differences that are affected by expected future market or economic conditions and the expected performance of the Bank. The estimation uncertainty increased, as a result of the effect of coronavirus pandemic, on the macroeconomic factors used in developing the assumptions.

The disclosures in relation to deferred income taxes are included in Note 27 to the financial statements.

Audit response

We involved our internal specialist in interpreting the tax regulations, testing the temporary differences identified by the Bank and the applicable tax rates. We also re-performed the calculation of the deferred tax assets. We evaluated the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates to the historical performance of the Bank and the industry, including future market circumstances that of the industry and the historical performance of the Bank. We also assessed the timing of the reversal of future taxable and deductible temporary differences.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A, SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022 but does not include the financial statements and our auditor's report thereon. The SEC Form 17-A, SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Reports on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 36 and Revenue Regulations No. 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine Savings Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements.



In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Veronica Mae A. Arce.

SYCIP GORRES VELAYO & CO.



Veronica Mae A. Arce

Partner

CPA Certificate No. 0117208

Tax Identification No. 234-282-413

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0117208-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024

PTR No. 9369772, January 3, 2023, Makati City

February 23, 2023



PHILIPPINE SAVINGS BANK
STATEMENTS OF CONDITION

	December 31	
	2022	2021
ASSETS		
Cash and Other Cash Items	₱1,930,720,274	₱2,801,335,279
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	37,553,243,574	52,427,713,760
Due from Other Banks (Note 29)	2,910,493,038	1,366,924,524
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Note 7)	2,669,609,031	4,532,877,908
Fair Value Through Profit or Loss (FVTPL) Investments (Note 8)	35,875	44,701
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 8)	69,660,715,882	60,266,504,348
Investment Securities at Amortized Cost (Note 8)	30,422,284,704	20,962,346,722
Loans and Receivables (Note 9)	109,697,304,552	110,111,505,826
Investment in a Joint Venture (Notes 10 and 29)	816,284,853	762,926,364
Property and Equipment (Note 11)	3,126,723,127	2,938,455,849
Investment Properties (Note 12)	4,031,471,065	3,508,598,106
Deferred Tax Assets (Note 27)	280,113,544	576,786,519
Intangible Assets and Goodwill (Note 13)	333,890,899	361,193,084
Other Assets (Note 14)	988,118,816	1,188,896,822
	₱264,421,009,234	₱261,806,109,812
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Note 16)		
Demand	₱26,602,133,863	₱26,939,262,124
Savings	46,933,474,339	45,319,797,393
Time	135,158,982,248	136,095,038,765
Long-term Negotiable Certificates of Deposits	5,077,602,528	8,441,451,603
	213,772,192,978	216,795,549,885
Bills Payable	1,185,944,975	–
Bonds Payable (Note 17)	4,648,449,939	4,633,613,322
Treasurer's, Cashier's and Manager's Checks	1,014,225,796	593,630,994
Accrued Taxes, Interest and Other Expenses (Note 18)	2,506,216,736	1,684,762,235
Income Tax Payable	–	80,547
Other Liabilities (Note 19)	4,154,367,586	3,204,395,695
	227,281,398,010	226,912,032,678
Equity		
Common Stock (Note 21)	4,268,594,160	4,268,594,160
Capital Paid in Excess of Par Value (Note 21)	11,418,563,257	11,418,563,257
Surplus Reserves (Note 30)	1,043,979,211	1,041,471,464
Surplus (Note 21)	21,207,490,714	18,812,148,450
Fair Value Reserves on Financial Assets at FVOCI (Note 8)	(48,782,635)	2,409,890
Remeasurement Losses on Retirement Plan (Note 24)	(748,523,773)	(632,885,484)
Equity in Remeasurement Gains on Retirement Plan of a Joint Venture (Note 10)	2,877,392	2,877,392
Equity in Hedge Reserves of a Joint Venture (Note 10)	(12,144,581)	(12,144,581)
Cumulative Translation Adjustment	7,557,479	(6,957,414)
	37,139,611,224	34,894,077,134
	₱264,421,009,234	₱261,806,109,812

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK
STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
INTEREST INCOME			
Loans and receivables (Note 9)	₱10,159,518,037	₱12,148,774,170	₱15,666,265,787
Financial assets at FVOCI and investment securities at amortized cost (Note 8)	2,574,256,913	1,486,019,162	1,298,471,798
Due from Bangko Sentral ng Pilipinas (Note 7)	1,254,216,130	648,063,197	221,893,610
Interbank loans receivable and securities purchased under resale agreements (Note 7)	195,778,577	70,592,184	85,056,319
Due from other banks	4,101,643	47,132	1,178,094
FVTPL investments (Note 8)	2,152	11,272,985	45,039,478
	14,187,873,452	14,364,768,830	17,317,905,086
INTEREST EXPENSE			
Deposit liabilities (Note 16)	2,811,393,495	1,637,233,919	2,771,606,957
Bonds payable (Note 17)	224,036,617	437,530,261	583,408,268
Lease liabilities (Note 25)	79,873,386	85,201,992	99,539,323
Bills payable (Note 17)	21,919,260	41,972	110,397,939
	3,137,222,758	2,160,008,144	3,564,952,487
NET INTEREST INCOME	11,050,650,694	12,204,760,686	13,752,952,599
Service fees and commission income (Note 22)	1,732,841,894	1,581,126,848	1,308,210,530
Service fees and commission expense (Note 22)	51,309,070	47,816,732	50,825,805
NET SERVICE FEES AND COMMISSION INCOME	1,681,532,824	1,533,310,116	1,257,384,725
OTHER OPERATING INCOME (CHARGES)			
Gain on foreclosure and sale of investment properties - net (Note 12)	801,738,724	571,276,769	326,868,825
Gain (loss) on foreclosure and sale of chattel mortgage properties - net (Note 14)	700,214,707	142,185,112	(458,776,805)
Gain on sale of property and equipment (Note 11)	12,079,779	2,042,084	2,045,386
Trading and securities gains - net (Note 8)	2,455,186	2,733,476	354,430,046
Foreign exchange gain (loss) - net	(6,075,489)	(8,168,185)	27,217,634
Gain on disposal of investment securities at amortized cost (Notes 3 and 8)	-	11,711,129	1,291,913,518
Miscellaneous (Notes 12, 23 and 25)	777,775,337	700,430,805	15,466,028
	2,288,188,244	1,422,211,190	1,559,164,632
TOTAL OPERATING INCOME	15,020,371,762	15,160,281,992	16,569,501,956
OTHER EXPENSES			
Compensation and fringe benefits (Notes 24 and 29)	3,640,553,887	3,545,335,550	3,635,622,388
Taxes and licenses	1,612,926,317	1,586,134,257	1,571,869,031
Provision for credit and impairment losses (Note 15)	1,306,242,436	3,070,678,224	6,397,259,386
Depreciation (Note 11)	755,952,721	836,327,579	899,545,800
Security, messengerial and janitorial services	413,011,422	349,532,682	438,391,419
Occupancy and equipment-related costs (Note 25)	344,568,484	352,588,645	363,406,183
Amortization of intangible assets (Note 13)	102,850,715	113,649,164	128,137,358
Miscellaneous (Notes 12 and 26)	2,130,720,607	2,082,202,992	2,084,820,312
	10,306,826,589	11,936,449,093	15,519,051,877

(Forward)



	Years Ended December 31		
	2022	2021	2020
INCOME BEFORE SHARE IN NET INCOME OF A JOINT VENTURE AND INCOME TAX	₱4,713,545,173	₱3,223,832,899	₱1,050,450,079
SHARE IN NET INCOME OF A JOINT VENTURE (Notes 10 and 29)	83,418,474	41,914,529	40,299,304
INCOME BEFORE INCOME TAX	4,796,963,647	3,265,747,428	1,090,749,383
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)			
Current	783,316,316	312,183,551	766,276,709
Deferred	335,219,072	1,414,071,157	(783,739,604)
	1,118,535,388	1,726,254,708	(17,462,895)
NET INCOME	₱3,678,428,259	₱1,539,492,720	₱1,108,212,278
Basic/Diluted Earnings Per Share (Note 28)	₱8.62	₱3.61	₱2.60

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	₱3,678,428,259	₱1,539,492,720	₱1,108,212,278
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that recycle to profit or loss in subsequent periods:</i>			
Equity in hedge reserves of a joint venture (Note 10)	–	22,952,699	(35,097,280)
Fair value reserves on debt securities at FVOCI (Note 8)	(58,258,709)	(13,993,219)	33,528,337
Cumulative translation adjustment	14,514,893	14,614,438	(9,285,708)
	(43,743,816)	23,573,918	(10,854,651)
<i>Items that do not recycle to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on retirement plan (Note 24)	(154,184,385)	193,636,016	302,451,800
Equity in remeasurement gains (losses) on retirement plan of a joint venture (Note 10)	–	4,162,568	(2,226,857)
Fair value reserves on equity securities at FVOCI (Note 8)	7,066,184	3,344,929	(1,538,726)
Income tax effect (Note 27)	38,546,096	(100,283,171)	(90,735,540)
	(108,572,105)	100,860,342	207,950,677
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	(152,315,921)	124,434,260	197,096,026
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱3,526,112,338	₱1,663,926,980	₱1,305,308,304

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK

STATEMENTS OF CHANGES IN EQUITY

	Common Stock (Note 21)	Capital Paid in Excess of Par Value (Note 21)	Surplus Reserves (Note 30)	Surplus (Note 21)	Fair Value Reserves on Financial Assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 24)	Equity in Remeasurement Gains on Retirement Plan of a Joint Venture (Note 10)	Equity in Hedge Reserves of a Joint Venture (Note 10)	Cumulative Translation Adjustment	Total
Balance at January 1, 2022	₱4,268,594,160	₱11,418,563,257	₱1,041,471,464	₱18,812,148,450	₱2,409,890	(₱632,885,484)	₱2,877,392	(₱12,144,581)	(₱6,957,414)	₱34,894,077,134
Total comprehensive income (loss) for the year	–	–	–	3,678,428,259	(51,192,525)	(115,638,289)	–	–	14,514,893	3,526,112,338
Cash dividends (Note 21)	–	–	–	(1,280,578,248)	–	–	–	–	–	(1,280,578,248)
Appropriation of surplus to trust business (Note 30)	–	–	2,507,747	(2,507,747)	–	–	–	–	–	–
Balance at December 31, 2022	₱4,268,594,160	₱11,418,563,257	₱1,043,979,211	₱21,207,490,714	(₱48,782,635)	(₱748,523,773)	₱2,877,392	(₱12,144,581)	₱7,557,479	₱37,139,611,224
Balance at January 1, 2021	₱4,268,594,160	₱11,418,563,257	₱1,039,166,094	₱18,555,539,349	₱13,058,180	(₱726,238,329)	(₱1,285,176)	(₱35,097,280)	(₱21,571,852)	₱34,510,728,403
Total comprehensive income (loss) for the year	–	–	–	1,539,492,720	(10,648,290)	93,352,845	4,162,568	22,952,699	14,614,438	1,663,926,980
Cash dividends (Note 21)	–	–	–	(1,280,578,249)	–	–	–	–	–	(1,280,578,249)
Appropriation of surplus to trust business (Note 30)	–	–	2,305,370	(2,305,370)	–	–	–	–	–	–
Balance at December 31, 2021	₱4,268,594,160	₱11,418,563,257	₱1,041,471,464	₱18,812,148,450	₱2,409,890	(₱632,885,484)	₱2,877,392	(₱12,144,581)	(₱6,957,414)	₱34,894,077,134
Balance at January 1, 2020	₱3,831,094,160	₱9,287,650,873	₱1,037,214,639	₱21,269,544,274	(₱18,931,431)	(₱937,954,589)	₱941,681	₱–	(₱12,286,144)	₱34,457,273,463
Total comprehensive income (loss) for the year	–	–	–	1,108,212,278	31,989,611	211,716,260	(2,226,857)	(35,097,280)	(9,285,708)	1,305,308,304
Cash dividends (Note 21)	–	–	–	(1,247,765,748)	–	–	–	–	–	(1,247,765,748)
Stock dividends (Note 21)	437,500,000	2,130,912,384	–	(2,572,500,000)	–	–	–	–	–	(4,087,616)
Appropriation of surplus to trust business (Note 30)	–	–	1,951,455	(1,951,455)	–	–	–	–	–	–
Balance at December 31, 2020	₱4,268,594,160	₱11,418,563,257	₱1,039,166,094	₱18,555,539,349	₱13,058,180	(₱726,238,329)	(₱1,285,176)	(₱35,097,280)	(₱21,571,852)	₱34,510,728,403

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱4,796,963,647	₱3,265,747,428	₱1,090,749,383
Adjustments to reconcile income before income tax to net cash provided by operations:			
Provision for credit and impairment losses (Note 15)	1,306,242,436	3,070,678,224	6,397,259,386
Amortization of premium (discount) on financial assets at fair value through other comprehensive income and investment securities at amortized cost	(2,414,610,975)	(1,283,775,979)	615,127,658
Depreciation (Note 11)	755,952,721	836,327,579	899,545,800
Loss (gain) on foreclosure and sale of:			
Investment properties (Note 12)	(801,738,724)	(571,276,769)	(326,868,825)
Chattel mortgage properties (Note 14)	(700,214,707)	(142,185,112)	458,776,805
Accretion of modified loans (Notes 9 and 23)	(107,007,086)	(134,649,231)	(82,243,469)
Loss on modification of loans (Notes 9 and 23)	-	-	508,760,865
Amortization of:			
Intangible assets (Note 13)	102,850,715	113,649,164	128,137,358
Debt issuance costs (Note 17)	14,836,617	31,156,411	50,742,829
Accretion of lease liabilities (Note 25)	79,873,386	85,201,992	99,539,323
Share in net income of a joint venture (Note 10)	(83,418,474)	(41,914,529)	(40,299,304)
Realized loss (gain) on sale of financial assets at fair value through other comprehensive income (FVOCI) and amortized cost (Note 8)	2,499,021	(15,711,131)	(1,539,974,948)
Gain on sale of property and equipment (Note 11)	(12,079,779)	(2,042,084)	(2,045,386)
Fair value loss (gain) on fair value through profit or loss investments (Note 8)	8,826	5,488	(6,515)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Loans and receivables	(2,904,935,501)	25,570,222,978	11,007,355,325
Other assets	127,575,882	(193,933,191)	151,134,047
Increase (decrease) in:			
Deposit liabilities	(3,016,581,657)	49,338,695,929	(5,045,415,314)
Treasurer's, cashier's and manager's checks	420,594,802	62,312,575	(766,361,728)
Accrued taxes, interest and other expenses	821,474,754	(98,156,780)	373,461,470
Other liabilities	751,987,887	(498,574,337)	(465,493,094)
Cash generated from (used in) operations	(859,726,209)	79,391,778,625	13,511,881,666
Income taxes paid	(783,396,863)	(634,121,985)	(444,632,705)
Dividends received from joint venture investment (Note 10)	30,059,985	11,579,995	53,279,973
Net cash provided by (used in) operating activities	(1,613,063,087)	78,769,236,635	13,120,528,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
Financial assets at FVOCI	(596,433,148,029)	(486,598,968,817)	(35,207,966,479)
Investment securities at amortized cost	(8,626,650,004)	(7,842,285,003)	-
Property and equipment (Note 11)	(332,839,077)	(118,057,916)	(159,221,567)
Other intangible assets (Note 13)	(75,548,530)	(33,699,129)	(97,105,773)
Proceeds from sale/maturities of:			
Financial assets at FVOCI (Note 8)	588,538,027,651	437,165,080,000	30,339,350,378
Chattel mortgage properties (Note 14)	2,073,485,973	4,152,276,913	2,857,721,303
Investment securities at amortized cost	47,454,850	1,128,720,734	21,033,629,069
Investment properties (Note 12)	923,283,316	986,515,245	698,999,099
Property and equipment (Note 11)	99,482,403	28,485,973	29,795,939
Net cash provided by (used in) investing activities	(13,786,451,447)	(51,131,932,000)	19,495,201,969
CASH FLOWS FROM FINANCING ACTIVITIES			
Settlement of bonds payable	-	(6,300,000,000)	-
Dividends paid (Note 21)	(1,280,578,248)	(1,280,578,249)	(1,247,765,748)
Payment of lease liabilities (Notes 25 and 32)	(558,996,040)	(479,330,246)	(455,173,090)
Settlement of bills payable (Note 32)	(8,664,527,168)	(413,930,000)	(9,171,495,000)
Availments of bills payable (Note 32)	9,850,472,143	413,930,000	4,971,495,000
Issuance of bonds payable (Note 17 and 32)	-	-	4,607,275,370
Issuance of stock dividends (Note 21)	-	-	(4,087,616)
Net cash provided by (used in) financing activities	(653,629,313)	(8,059,908,495)	(1,299,751,084)
Effect of exchange rate differences	756,081	485,670	(327,675)

(Forward)



	Years Ended December 31		
	2022	2021	2020
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(₱16,052,387,766)	₱19,577,881,810	₱31,315,652,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items	2,801,335,279	2,841,851,535	2,281,813,055
Due from Bangko Sentral ng Pilipinas - gross (Notes 7 and 16)	52,428,888,060	31,689,964,554	6,816,092,181
Due from other banks - gross	1,368,023,210	1,575,447,188	1,139,685,267
Interbank loans receivable and securities purchased under resale agreements (Note 7)	4,532,877,908	5,445,979,370	-
	61,131,124,457	41,553,242,647	10,237,590,503
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items	1,930,720,274	2,801,335,279	2,841,851,535
Due from Bangko Sentral ng Pilipinas - gross (Notes 7 and 16)	37,553,243,574	52,428,888,060	31,689,964,554
Due from other banks - gross	2,925,163,812	1,368,023,210	1,575,447,188
Interbank loans receivable and securities purchased under resale agreements (Note 7)	2,669,609,031	4,532,877,908	5,445,979,370
	₱45,078,736,691	₱61,131,124,457	₱41,553,242,647
OPERATIONAL CASH FLOWS FROM INTEREST			
Interest paid	₱2,820,995,599	₱2,188,101,637	₱3,684,720,812
Interest received	12,782,470,531	14,065,718,328	15,585,904,814

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philippine Savings Bank (the Bank) was incorporated in the Philippines primarily to engage in savings and mortgage banking. The Bank's shares are listed in the Philippine Stock Exchange (PSE). The Bank offers a wide range of products and services such as deposit products, loans, treasury and trust functions that mainly serve the retail and consumer markets. On September 6, 1991, the Bank was authorized to perform trust functions.

As of December 31, 2022 and 2021, the Bank had 250 branches. In 2022, the Bank had 271 Automated Teller Machines (ATMs) in the branches (on-site) and 286 in other locations (off-site) bringing its total number of ATMs to 557 as of December 31, 2022 and 547 as of December 31, 2021.

The Bank's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on June 30, 1959. On March 28, 2006, the Board of Directors (BOD) of the Bank approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate term of the Bank, which expired on June 30, 2009, for another 50 years or up to June 30, 2059. This was subsequently approved by stockholders representing at least two-thirds of the outstanding capital stock of the Bank on April 25, 2006. The Amended Articles of Incorporation was approved by the SEC on September 27, 2006.

On April 27, 2010, by majority vote of the BOD and by stockholders representing two-thirds of the outstanding capital stock, the amendment of Article VI of its Amended Articles of Incorporation reducing the number of directors from a maximum of eleven (11) to a maximum of nine (9) has been approved. This was approved by the SEC on August 26, 2010.

On March 24, 2014, the BOD approved Article III of Articles of Incorporation to specify its principal address from Makati City to PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City 1226. The Amended Articles of Incorporation was approved by the SEC on December 22, 2014.

As of December 31, 2022 and 2021, Metropolitan Bank & Trust Company (MBTC), the Bank's ultimate parent, owned 88.38% of the Bank.

2. Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. All values are rounded to the nearest peso unless otherwise stated.

The financial statements of the Bank include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine peso (see accounting policy on Foreign Currency Translation). The financial statements of these units are combined after eliminating inter-unit accounts.

The financial statements provide comparative information in respect of the previous period. In addition, the Bank presents an additional statement of condition at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.



Statement of Compliance

The financial statements of the Bank have been prepared in compliance with Philippine Financial Reporting Standards (PFRSS).

Presentation of Financial Statements

The Bank presents its statements of condition in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within twelve (12) months after the statement of condition date (current) and more than 12 months after the statement of condition date (non-current) is presented in Note 20.

Financial assets and financial liabilities are offset and the net amount is reported in the statements of condition only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. The Bank assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of solvency or bankruptcy of the Bank and all of the counterparties.

Income and expenses are not offset in the statements of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2022. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Bank.

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.



- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Summary of Significant Accounting Policies

Foreign Currency Translation

The financial statements are presented in PHP, which is the Bank's functional and presentation currency.

The books of accounts of the RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU

As at reporting date, foreign currency monetary assets and liabilities of the RBU are translated in PHP based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of condition date, and foreign currency-denominated income and expenses, at the exchange rates as at the dates of the transactions. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities in the RBU are credited to or charged against profit or loss in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

FCDU

As at reporting date, the assets and liabilities of the FCDU are translated to the Bank's presentation currency (PHP) at the BAP closing rate prevailing at the statement of condition date, and its income and expenses are translated using the exchange rates as at the dates of the transactions. Exchange differences arising on translation to the presentation currency are taken to the statements of comprehensive income under 'Cumulative translation adjustment'. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statements of comprehensive income is recognized in the statements of income.

Fair Value Measurement

The Bank measures financial instruments, such as FVTPL investments, financial assets at FVOCI and derivative financial instruments, at fair value at each statement of condition date. Also, fair values of financial instruments measured at amortized cost and non-financial assets such as investment properties are disclosed in Note 4.



Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price (e.g., an input from a dealer market), the price between the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, interbank loans receivable and securities purchased under resale agreements (SPURA) that are convertible to known amounts of cash which have original maturities of three months or less from date of placements and that are subject to an insignificant risk of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Bank considers as cash equivalents as withdrawals can be made to meet the Bank's cash requirements as allowed by the BSP.



Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial assets, except for derivatives, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Derivative financial instruments are recognized on a trade date basis. Deposits, amounts due to banks and loans and receivables are recognized when cash is received by the Bank or advanced to the borrowers.

Initial recognition of financial instruments

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities at FVTPL, the initial measurement of financial instruments includes transaction costs.

Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Bank recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Instruments – Classification and Subsequent Measurement

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Bank may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

Investments at FVTPL

Financial assets or financial liabilities at FVTPL

Financial assets and financial liabilities at FVTPL include financial assets and financial liabilities held for trading purposes and derivative instruments.

Financial instruments held-for-trading

Financial assets or financial liabilities held for trading (HFT) are recorded in the statements of condition at fair value. Included in this classification are debt securities which have been acquired principally for the purpose of selling in the near term. Changes in fair value relating to the HFT positions are recognized in 'Trading and securities gains (losses) - net'. Interest earned or incurred is recorded as interest income or expense, respectively, while dividend income is recorded in other operating income under 'Miscellaneous' when the right to receive payment has been established.

Derivatives recorded at FVTPL

Derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently re-measured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as cash flow hedges) are taken directly to the statements of income and are included in 'Foreign exchange gain - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. As of December 31, 2022 and 2021, derivatives consist of Republic of the Philippines (ROP) paired warrants acquired to manage the Bank's foreign currency risk, lower the risk-weighted assets and improve the capital adequacy ratio of the Bank.



Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statements of comprehensive income as 'Fair value reserves on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatements on foreign currency-denominated debt securities at FVOCI, is reported in the statements of income. Interest earned on holding debt securities at FVOCI are reported as 'Interest income' using the effective interest method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statements of comprehensive income is recognized as 'Trading and securities gain (loss) - net' in the statements of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit and impairment losses' in the statements of income.

Equity securities designated at FVOCI are those that the Bank made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statements of income as 'Dividends' when the right to receive payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statements of comprehensive income is reclassified to 'Surplus' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. This accounting policy relates to the statements of condition captions 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and SPURA', 'Investment securities at amortized cost' and 'Loans and receivables'.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the statements of income. Gains and losses are recognized in statements of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statements of income under 'Provision for credit and impairment losses'. The effects of revaluation on foreign currency denominated investments are recognized in the statements of income.

Other financial liabilities carried at amortized cost

This category represents issued financial instruments or their components, which are not designated at FVTPL and comprises deposit liabilities, bills payable, subordinated notes, treasurer's, cashier's and manager's checks, accrued interest payable, accrued other expenses payable, accounts payable, bills purchased-contra, other credits, dividends payable, deposits for keys-safety deposit boxes (SDB), and overages, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities not qualified and not designated as FVTPL are subsequently measured at amortized cost using the effective interest amortization method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.



A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on quoted market prices for similar debt instruments). The residual amount determined after deducting the fair value of the debt component is assigned to the equity component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

Financial Guarantees and Undrawn Loan Commitments

The Bank issues financial guarantees and loan commitments. Financial guarantees are those issued by the Bank to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. These contracts are in the scope of the ECL requirements where the Bank estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn loan commitments is recognized in 'Miscellaneous liabilities' under 'Other liabilities'.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- the Bank has transferred its rights to receive cash flows from the asset and either:
 - a. the Bank has transferred substantially all the risks and rewards of the asset or
 - b. the Bank has neither transferred nor retained the risks and rewards of the asset but has transferred control over the asset.

Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor is transferred control over the asset, the asset recognized to the extent of the Bank's continuing involvement in the asset. In this case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recovery on charged-off assets' under 'Miscellaneous income' in the statements of income.

Modification of financial assets

The Bank derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:

- Change in currency
- Introduction of an equity feature



- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The Bank also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Bank considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a ‘new’ financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liabilities

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase (SSURA) at a specified future date (‘repos’) are not derecognized from the statements of condition as the Bank retains substantially all the risks and rewards of ownership. The corresponding cash received, including accrued interest, is recognized in the statements of condition as a loan to the Bank under ‘Bills payable’, reflecting the economic substance of such transaction.

Conversely, SPURA at a specified future date (‘reverse repos’) are not recognized in the statements of condition. The consideration paid, including accrued interest, is recognized in the statements of condition as SPURA, and is considered a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest amortization method.

Reclassification of Financial Assets

The Bank reclassifies its financial assets when there is a change in its business model for managing financial assets. A change in business model occurs when the Bank either begins or ceases to perform an activity that is significant to its operations. The Bank applies the reclassification prospectively from the reclassification date and does not restate any previously recognized gains, losses or interest.

Impairment of Financial Assets

PFRS 9 requires the Bank to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts.

Expected credit loss methodology

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The objective is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk (SICR)



since their initial recognition. As a result, ECL allowances are now measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of a financial instrument. In comparison, the previous incurred loss model recognizes lifetime credit losses only when there is objective evidence of impairment.

In select circumstances, accounts are individually assessed to ensure that provisions are appropriate and adequate. Manual loan classification reviews additional qualitative factors and prescribes much higher provisions that is based on portfolio historical experience.

Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

Definition of “default” and “cure”

As a part of a qualitative assessment of whether a customer is in default, the Bank considers a variety of instances that may indicate unlikeliness to pay. The Bank’s definition of default is aligned with the non-performing loan criteria as prescribed in BSP Circular No. 941. Defaults refer to loans, investments, receivables, or any financial asset, even without any missed contractual payments, that satisfy any of the following conditions (1) impaired under existing accounting standards, (2) classified as doubtful or loss, (3) in litigation, (4) and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Defaults are characterized by financial assets that have objective evidence of impairment at the reporting date and as such classified under Stage 3 ECL treatment.

An instrument is considered to be no longer in default, i.e., to have cured, when it no longer meets any of the default criteria above and there is sufficient evidence to support full collection thru payments received for at least 6 months. Cured accounts are classified under Stage 1 ECL treatment.

Significant increase in credit risk (SICR)

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank’s quantitative models, the borrower or counterparty’s credit rating has deteriorated by at least 2 notches. On the other hand, if based on the Bank’s internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses, then credit risk may have significantly increased as well. Moreover, if contractual payments are more than 30 days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which amortized payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument



improves such that there is no longer a SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies

ECL is a function of the probability of default (PD), exposure at default (EAD) and loss given default (LGD) with each of the parameter independently modelled.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Bank segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts to be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

Economic overlays and multiple economic scenarios

The Bank incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to multiple future macroeconomic atmosphere expectations. A broad range of economic indicators were considered for the economic inputs, such as GDP, GIR change, CPI change, PSE indices, foreign exchange rates and other BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Bank's loans and receivables consist of different portfolios, such as consumption, real estate, commercial and personal loans, as well as other receivables (e.g., sales contract receivables). In compliance with PFRS 9, the Bank developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

Restructured loans

In certain circumstances, the Bank modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, changes in maturity date, principal amount from capitalization of accrued interest, terms and conditions from conversion/consolidation or interest rates/repricing cycle that results in an extension in the loan maturity. Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are initially moved to Stage 3.

The Bank implements a curing policy for restructured accounts compliant with BSP Circular No. 1011. Restructured accounts that have exhibited improvements in creditworthiness may be moved from Stage 3 after a total of one-year probation period. These accounts are transferred to Stage 2 after six months of full payments and consequently transferred to Stage 1 after making the next six months of full payments.

Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original EIR if the original loan has a fixed interest rate and the current repriced rate if the original loan is repriceable. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the applicable interest rate, is recognized in 'Provision for credit and impairment losses' in the statements of income.



Investment in a Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Bank's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Bank's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of income reflects the Bank's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Bank's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Bank recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Bank and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Bank's share of profit or loss of a joint venture is shown on the face of the statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of a joint venture are prepared for the same reporting period as the Bank. The length of the reporting period is the same from period to period. When necessary, adjustments are made to bring the accounting policies in line with those of the Bank.

After application of the equity method, the Bank determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each statement of condition date, the Bank determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognizes the loss as 'Share in net income of a joint venture' in the statements of income.

Upon loss of joint control over the joint venture, the Bank measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property and Equipment

Land is stated at cost less any impairment in value, while depreciable properties, including building, furniture, fixtures and equipment, and leasehold improvements, are stated at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged against profit or loss in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.



Depreciation is calculated using the straight-line method to write down the cost of the property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	25-50 years
Furniture, fixtures and equipment	3-5 years, depending on the type of assets
Leasehold improvements	5 years or the term of the related lease, whichever is shorter

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset is written down to its recoverable amount.

Leases

Bank as lessee

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Bank recognizes right-of-use assets (included in 'Property and Equipment') at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and estimated useful lives of the assets as follows:

Office space and warehouses	1 to 20 years
ATM space	1 to 3 years

ii. Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if



there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Bank recognizes right-of-use assets and lease liabilities, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Determining the lease term of contracts with renewal options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Bank's lease liabilities are included in 'Other Liabilities'.

iii. Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATMs and office equipment that are considered of low value (i.e., ₱250,000 and below). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as 'Gain on foreclosure of real assets and other properties acquired' under 'Gain on foreclosure and sale of investment properties'. Foreclosed properties are classified under investment properties from foreclosure date. Expenditures incurred after the investment properties are recognized, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment in value, except for land which is stated at cost less impairment in value. Depreciation is calculated using the straight-line method over the remaining useful lives from the time of acquisition of the investment properties. The estimated useful life of building and condominium units ranges from 10 to 40 years.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in 'Gain on foreclosure and sale of investment properties - net' in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.



Chattel Mortgage Properties

Chattel mortgage properties comprise of repossessed vehicles. Chattel mortgage properties are stated at cost less accumulated depreciation and impairment in value. Chattel mortgage properties acquired are initially recognized at fair value. Depreciation is calculated using the straight-line method over the remaining useful lives from the time of acquisition of the vehicles. The useful lives of chattel mortgage properties are estimated to be five years.

Chattel mortgage properties are derecognized when they have either been disposed of or when the chattel mortgage property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on disposal of chattel mortgage properties are recognized in the statements of income under 'Gain (loss) on foreclosure and sale of chattel mortgage properties- net' in the year of disposal.

Intangible Assets

The Bank's intangible assets include branch licenses and computer software. An intangible asset is recognized only when the cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statements of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of income under 'Amortization of intangible assets'.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (CGU) level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income when the asset is derecognized.

Branch licenses

Branch licenses arise from the acquisition of branches from local banks and licenses to operate new branches from the BSP. Branch licenses have indefinite useful lives and are tested for impairment on an annual basis.

Software costs

Software costs are carried at cost less accumulated amortization and any impairment in value. Given the history of rapid changes in technology, computer software are susceptible to technological obsolescence. Therefore, it is likely that their useful life is short. Software costs are amortized on a straight-line basis over five years but maybe shorter depending on the period over which the Bank expects to use the asset.

Impairment of Non-financial Assets

Property and equipment, investment properties and chattel mortgage properties

At each statement of condition date, the Bank assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of the recoverable amount. An asset's recoverable amount



is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators.

An impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of condition date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been previously recognized. Such reversal is recognized in the statement of income. After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGU) is less than the carrying amount of the CGU (or group of CGU) to which goodwill has been allocated, an impairment loss is recognized immediately in the statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Bank performs its annual impairment test of goodwill as at December 31 of each year.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 of each year, either individually or at the CGU level, as appropriate.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Investment in a joint venture

After application of the equity method, the Bank determines whether it is necessary to recognize an impairment loss on the Bank's investment in a joint venture. The Bank determines at each statement of condition date whether there is any objective evidence that the investment a joint venture is impaired. If this is the case, the Bank calculates the amount of impairment as being the difference between the fair value of the investment in the joint venture and the carrying amount and recognizes such amount in the statements of income.

Common Stock

Common stocks are recorded at par. Proceeds in excess of par value are recognized under equity as 'Capital paid in excess of par value' in the statements of condition. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services.



The Bank assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Bank concluded that it is acting as a principal in all of its revenue arrangements.

Service fees and commission income

Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees include remittance fees, commissions, deposit-related and other credit-related fees.

Income from sale of property and equipment, investment property and chattel mortgage properties

Income from sale of property and equipment, investment property and chattel mortgage properties is included in the profit or loss when the property is derecognized. The gain or loss arising from the derecognition of the property is determined as the difference between the net disposal proceeds and its carrying amount on the date of the transaction.

Revenue outside the scope of PFRS 15

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as financial assets at FVOCI investments, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income'.

Under PFRS 9, when a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Recovery on charged-off assets

Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery.

Trading and securities gains (losses) - net

Trading and securities gain (loss) represents results arising from trading activities, including all gains and losses from changes in the fair values of FVTPL investments. It also includes gains and losses realized from sale of debt securities at FVOCI.

Realized gains and losses on disposals of FVTPL investments are calculated using weighted average method. It represents the difference between an instrument's initial carrying amount and disposal amount.

Gain on disposal of investments securities at amortized cost

Gain on disposal of investment securities at amortized cost represents gain realized from sale of peso-denominated debt securities measured at amortized cost.

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms of ongoing leases and is recorded in the statements of income under 'Miscellaneous' in other operating income.

Expense Recognition

Expenses are recognized when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.



Interest expense

Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statements of income using the EIR of the financial liabilities to which they relate.

Other expense

Expenses encompass losses as well as those expenses that arise in the ordinary course of business of the Bank. Expenses are recognized when incurred.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the acquisition cost over the share in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. The Bank's goodwill arose from past purchases of branch business/offices from the Parent Company. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Retirement Cost

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the statement of condition date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The present value of the defined benefit obligation is calculated annually by an independent actuary. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- a. service cost;
- b. net interest on the net defined benefit liability or asset; and
- c. remeasurements of net defined benefit liability or asset.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Bank, nor can they be paid directly to the Bank. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Bank's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.



Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Debt Issue Costs

Issuance, underwriting and other related expenses incurred in connection with the issuance of debt instruments are included in the measurement basis of the underlying debt instruments and are amortized as an adjustment to the interest on the underlying debt instruments using the effective interest method.

Income Taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in the statement of income, except to the extent that it relates to OCI items recognized directly in the statements of comprehensive income.

Current tax

Current income tax is the expected tax payable on the taxable income for the period, using the tax rates enacted at the statement of condition date, together with adjustments to tax payable in respect to prior years.

Deferred tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the statement of condition date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income



tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses and MCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of condition date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of condition date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of condition date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Current income tax and deferred income tax relating to items recognized directly in OCI is also recognized in OCI and not in the statements of income.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits, if any, declared during the year.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Bank. Dividends for the year that are approved after the statements of condition date are dealt with as subsequent events.

Segment Reporting

The Bank's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6. The Bank's assets generating revenues are all located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements, where the Bank acts in a fiduciary capacity such as nominee, trustee or agent.

Subsequent Events

Post year-end events that provide additional information about the Bank's position at the statement of condition date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Bank does not expect the future adoption of the said pronouncements to have a significant impact on its financial statements. The Bank intends to adopt the following pronouncements when they become effective.



Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Bank.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The amendments are not expected to have a material impact on the Bank.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

The amendments are not expected to have a material impact on the Bank.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Bank.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

The amendments are not expected to have a material impact on the Bank.



Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The amendments are not expected to have a material impact on the Bank.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent assets and contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The effects of any change in judgments, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

(a) Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of condition or disclosed in the notes to financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility for longer-dated derivatives and discount rates, prepayments and default rates assumptions. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Bank's financial instruments are disclosed in Note 4.

(b) Classification of financial assets

The Bank classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.



The Bank performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

(c) *Leases*

Bank as lessor

The Bank has entered into commercial property leases on its investment properties portfolio and over various items of furniture, fixtures and equipment. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Bank as lessee

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Extension and termination options

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the IBR for lease liabilities

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e., credit spread).

The carrying values of the Bank's right-of-use assets and lease liabilities are disclosed in Notes 11, 19 and 25, respectively.

(d) *Evaluation of business model in managing financial assets*

The Bank manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Bank developed business models which reflect how it manages its portfolio of financial instruments. The Bank's business models



need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument). The Bank evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Bank.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect (HTC) business model if the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's objective for the business model.

In 2020, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion, resulting in gain on disposal of investment securities at amortized cost totaling ₱1.3 billion. The sale was made as there were changes in the Bank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the disposals in 2020 were assessed as not inconsistent with the Bank's HTC business model as the disposals were considered infrequent even if significant in value. In 2021, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱378.7 million, resulting in gain on disposal of investment securities at amortized cost amounting to ₱11.7 million. The disposal in 2021 was assessed as not inconsistent with the Bank's HTC business model as the disposal was considered infrequent and insignificant in value. Further, the Bank assessed that the disposals did not reflect a change in the Bank's objectives for the HTC business model. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of condition date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(a) Credit losses on financial assets

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Significant factors affecting the estimates on the ECL model include:

- Segmentation of the portfolio, where the appropriate model or ECL approach is used
- The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment. The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs. In 2022, the Bank redeveloped its ECL models covering the pandemic period data to ensure long-run effectivity of the ECL parameters.
- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The ECL model performance is reviewed periodically, and appropriate measures are taken to ensure provisions for credit losses are adequate.



The gross carrying amounts of financial assets subject to ECL as of December 31, 2022 and the related allowance for credit losses are disclosed in Notes 5 and 15, respectively.

(b) *Impairment of investment properties and chattel mortgage properties*

The Bank assesses impairment on its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the fair value less costs to sell for property and equipment, investment properties and chattel mortgage properties. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The carrying values of the Bank's investment properties and chattel mortgage properties are disclosed in Notes 12 and 14, respectively.

(c) *Present value of retirement obligation*

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each statement of condition date.

In determining the appropriate discount rate, management considers the interest rates of Philippine government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The details of assumptions used in the actuarial valuation and carrying value of the net pension liability are disclosed in Note 24.

(e) *Recognition of deferred tax assets*

Deferred tax assets are recognized for all unused tax and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The Bank have considered the impact of the COVID-19 pandemic on future taxable income and on the recognition of deferred tax assets. The recognized net deferred assets and unrecognized deferred tax assets for the Bank are disclosed in Note 27.

(f) *Contingent liabilities*

The Bank is a defendant in legal actions arising from its normal business activities. Management believes that the ultimate liability, if any, resulting from these cases will not have a material effect on the Bank's financial statements are disclosed in Note 31.



4. Fair Value Measurement

Financial Instruments

The following describes the methodologies and assumptions used to determine the fair values of financial instruments:

Cash and other cash items, due from BSP, due from other banks, interbank loans receivable and SPURA, accounts receivable, accrued interest receivable, bills purchased, RCOCI, shortages, and petty cash fund - Carrying amounts approximate fair values due to the relatively short-term maturities of these assets.

Debt investments - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology, using rates currently available for debt on similar terms, credit risk and remaining maturities.

Equity investments - Fair values are based on quoted prices published in markets.

Receivable from customers, sales contract receivables and security deposits - Fair values are estimated using the discounted cash flow methodology, using the Bank's current lending rates for similar types of loans. The discount rates used range from 4.83% to 36.22% and from 4.20% to 41.76% in 2022 and 2021, respectively.

Demand deposits, savings deposits, treasurer's, cashier's and manager's checks, accrued interest payable, accounts payable, bills purchased-contra, other credits, deposits for keys-SDB, payment orders payable and overages - Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

Bonds payable and time deposits - Fair values are estimated using the discounted cash flow methodology using the Bank's borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used are the following:

	Discount Rates	
	2022	2021
Bonds payable	4.50%	4.50%
Time deposits	0.13% to 6.00%	0.05% to 6.00%

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities - interpolated rates based on market rates of benchmark securities as of statement of condition date.

The inputs used in estimating fair values of financial instruments carried at amortized cost and categorized under Level 3 include risk-free rates and applicable risk premium.

Non-financial Assets

Investment properties - Fair values of the investment properties have been determined based on valuations performed by independent external and in-house appraisers using valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales of similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restriction, building coverage and floor area ratio restrictions among others. Other significant unobservable inputs include shape, location, time element, discount and corner influence. The fair value of investment properties is based on its highest and best use, which is its current use.



The following tables summarize the carrying amount and fair values of the Bank's financial instruments and investment properties, analyzed based on the hierarchy described in Note 2 (in thousands):

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
FVTPL investments					
HFT - government securities	₱36	₱-	₱36	₱-	₱36
Financial assets at FVOCI					
Government debt securities	68,039,301	67,856,881	182,420	-	68,039,301
Private debt securities	1,600,772	1,600,772	-	-	1,600,772
Equity securities	20,643	17,074	3,569	-	20,643
	69,660,752	69,474,727	186,025	-	69,660,752
Assets for which fair values are disclosed:					
Financial Assets					
Investment securities at amortized cost					
Government	₱27,917,962	₱12,945,470	₱12,937,711	₱-	₱25,883,181
Private	2,504,322	2,424,488	-	-	2,424,488
Loans and receivables					
Receivables from customers					
Consumption loans	57,405,346	-	-	67,601,062	67,601,062
Real estate loans	40,973,925	-	-	65,680,291	65,680,291
Commercial loans	6,211,280	-	-	6,179,603	6,179,603
Personal loans	1,645,314	-	-	2,373,727	2,373,727
Sales contract receivable	10,746	-	-	9,196	9,196
Security deposits	190,888	-	-	264,196	264,196
Non-Financial Assets					
Investment properties	4,031,471	-	-	6,494,927	6,494,927
	₱140,891,254	₱15,369,958	₱12,937,711	₱148,603,002	₱176,910,671
Liabilities for which fair values are disclosed:					
Deposit liabilities - time	₱135,158,982	₱-	₱-	₱137,465,614	₱137,465,614
Deposit liabilities - LTNCD	5,077,603	-	-	5,354,666	5,354,666
Bonds payable	4,648,450	-	-	4,631,342	4,631,342
Bills payable	1,185,945	-	-	1,382,584	1,382,584
	₱146,070,980	₱-	₱-	₱148,834,206	₱148,834,206

	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
FVTPL investments					
HFT - government securities	₱45	₱-	₱45	₱-	₱45
Financial assets at FVOCI					
Government debt securities	58,407,116	49,045,711	9,361,405	-	58,407,116
Private debt securities	1,845,811	1,845,811	-	-	1,845,811
Equity securities	13,577	12,404	1,173	-	13,577
	₱60,266,549	₱50,903,926	₱9,362,623	₱-	₱60,266,549
Assets for which fair values are disclosed:					
Financial Assets					
Investment securities at amortized cost					
Government	₱18,495,339	₱16,879,018	₱2,348,448	₱-	₱19,227,466
Private	2,467,008	2,538,630	-	-	2,538,630
Loans and receivables					
Receivables from customers					
Consumption loans	53,839,278	-	-	60,228,366	60,228,366
Real estate loans	44,634,259	-	-	44,870,036	44,870,036
Commercial loans	6,880,926	-	-	7,183,259	7,183,259
Personal loans	1,654,361	-	-	2,947,698	2,947,698
Sales contract receivable	17,302	-	-	16,931	16,931
Security deposits	197,494	-	-	256,954	256,954
Non-Financial Assets					
Investment properties	3,508,598	-	-	5,654,376	5,654,376
	₱131,694,565	₱19,417,648	₱2,348,448	₱121,157,620	₱142,923,716
Liabilities for which fair values are disclosed:					
Deposit liabilities - time	₱136,095,039	₱-	₱-	₱137,329,426	₱137,329,426
Deposit liabilities - LTNCD	8,441,452	-	-	8,853,367	8,853,367
Bonds payable	4,633,613	-	-	4,625,188	4,625,188
	₱149,170,104	₱-	₱-	₱150,807,981	₱150,807,981

When fair values of listed equity and debt securities, as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations, without any adjustments for transaction costs, the instruments are included within Level 1 of the hierarchy.



For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models. Instruments included in Level 3 include those for which there is currently no active market.

As of December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

As of December 31, 2022 and 2021, the Bank determined the market value of its warrants to be zero due to the absence of an active market for the Bank's ROP warrants, as evidenced by the unavailability of quoted market prices.

5. Financial Risk Management Policies and Objectives

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

Organization risk management structure continues to be a top-down organization, with the BOD at the helm of all major initiatives.

Discussed below are the relevant sections on roles and responsibilities from the Risk Oversight Committee (ROC) Charter:

Board of Directors (BOD)

The corporate powers of the Bank are vested in and are exercised by the BOD, who conducts its business and controls its property. The BOD approves broad risk management strategies and policies and ensures that risk management initiatives and activities are consistent with the Bank's overall objectives. The BOD appoints the members of the ROC.

Risk Oversight Committee (ROC)

The ROC is composed of at least three members of the Board, the majority of whom are independent directors including its Chairperson. The ROC Chairperson is not the Chairperson of the Board or of any other committee. Members of the ROC possess a range of expertise and adequate knowledge of the Bank's risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur.

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

The ROC oversees the system of limits to discretionary authority that the BOD delegates to the management and ensures that the system remains effective, the limits are observed, and that immediate corrective actions are taken whenever limits are breached.

The ROC meets on a monthly basis and is supported by the Risk Management Office (RMO). In the absence of the ROC Chairman, another Independent Director shall preside. ROC resolutions, which require the concurrence of the majority of its voting members, are presented to the BOD for confirmation.



Risk Management Office (RMO)

The RMO, headed by the Chief Risk and Sustainability Officer, is a function that is independent from executive functions and business line responsibilities, operations and revenue-generating functions. It reports directly to the BOD, through the ROC. The RMO assists the ROC in carrying out its responsibilities by:

- analyzing, communicating, implementing, and maintaining the risk management policies approved by the ROC and the BOD;
- spearheading the regular review of the Bank's risk management policy manual and making or elevating recommendations that enhance the risk management process to the ROC and the BOD, for their approval; and
- ensuring that the risks arising from the Bank's activities are identified, measured, analyzed, reported to and understood by risk takers, management, and the board. The RMO analyzes limit exceptions and recommends enhancements to the limits structure.

The RMO does not assume risk-taking accountability nor does it have approving authority. The RMO's role is to act as liaison and to provide support to the BOD, ROC, the President, management committees, risk takers and other support and control functions on risk-related matters.

The Risk Management Function is responsible for:

- identifying the key risk exposures and assessing and measuring the extent of risk exposures of the Bank and its trust operations;
- monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the Bank's internal capital adequacy assessment on an on-going basis;
- monitoring and assessing decisions to accept particular risks whether these are consistent with BOD-approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures; and
- reporting on a regular basis to Senior Management and the BOD the results of assessment and monitoring.

President

The President is the Chief Executive Officer of the Bank and has the primary responsibility of carrying out the policies and objectives of the BOD. The President exercises the authorities delegated to him by the BOD and may recommend such policies and objectives he deems necessary for the continuing progress of the Bank.

Risk management

The risk management framework aims to maintain a balance between the nature of the Bank's businesses and the risk appetite of the BOD. Accordingly, policies and procedures are reviewed regularly and revised as the organization grows and as financial markets evolve. New policies or proposed changes in current policies are presented to the ROC and the BOD for approval.

a. Credit risk and concentration of assets and liabilities and off-balance sheet items

Credit risk is the risk that a counterparty will not settle its obligations in accordance with the agreed terms.

The Bank's lending business follows credit policy guidelines set by the BOD, ROC and RMO. These policies serve as minimum standards for extending credit. The people engaged in the credit process are required to understand and adhere to these policies.

Product manuals are in place for all loans and deposit products that actually or potentially expose the Bank to all types of risks that may result in financial or reputational losses. They define the product and the risks associated with the product plus the corresponding risk-mitigating controls. They embody the business plans and define the business parameters within which the product or activity is to be performed.



The system of checks around extension of credit includes approval by at least two credit approvers through the Credit Committee (CreCom), Executive Committee (ExCom) or BOD. The ROC reviews the business strategies and ensures that revenue-generating activities are consistent with the risk tolerance and standards of the Bank. The Internal Audit Group conducts regular audit across all functional units. The BOD, through the ExCom, CreCom and ROC, ensure that sound credit policies and practices are followed through all the business segments.

Credit Approval

Credit approval is the documented acceptance of credit risk in the credit proposal or application.

The Bank's credit decision-making for consumer loans utilizes the recommendation of the credit scoring and is performed at the CreCom level appropriate to the size and risk of each transaction, in conformity with corporate policies and procedures in regulating credit risk activities. The Bank's ExCom may approve deviations or exceptions, while the BOD approves material exceptions such as large exposures, loans to directors, officers, stockholders and other related interests (DOSRI) and related party transactions, and loan restructuring.

Credit delegation limits are identified, tracked and reviewed at least annually by the Bank's Head of Credit and Collections together with the Credit Risk Manager.

Borrower Eligibility

The Bank's credit processing commences when a customer expresses his intention to borrow through a credit application. The Bank gathers data on the customer; ensures they are accurate, up-to-date and adequate to meet the minimum regulatory requirements and to render credit decision. These data are used for the intended purpose only and are managed in adherence to the customer information secrecy law.

The customer's credit worthiness, repayment ability and cash flow are established before credit is extended. The Bank independently verifies critical data from the customer, ensuring compliance with Know Your Customer requirements under the anti-money laundering laws. The Bank requires that customer income be derived from legitimate sources and supported with government-accepted statements of income, assets and liabilities.

The Bank ascertains whether the customer is legally capable of entering a credit contract and of providing a charge over any asset presented as collateral for a loan. Guarantors or sureties may be accepted, provided they are a relative, partner, and have financial interest in the transaction, and they pass all credit acceptance criteria applied to the borrower.

Loan Structure

The Bank structures loans for its customers based on the customer's capability to pay, the purpose of the loan, and for a collateralized loan, the collateral's economic life and liquidation value over time.

The Bank establishes debt burden guidelines and minimum income requirements to assess the customer's capacity to pay.

The Bank utilizes credit bureau data, both external and internal, to obtain information on a customer's current commitments and credit history.

The Bank takes into account environmental and social issues when reviewing credit proposals of small businesses and commercial mortgage customers. The Bank ensures that all qualified securities pass through the BOD for approval. Assignments of securities are confirmed and insurance are properly secured.

The Bank uses credit scoring models and decision systems for consumer loans as approved by the BOD. Borrower risk rating model and facility risk rating model, on the other hand, are available for SME loans, and supported with qualitative evaluation. Regular monitoring of all these tools and their performance is carried out to ensure that they remain effective.



Initial loan limits are recommended by the CreCom and ExCom and approved by the BOD. The Bank ensures that secured loans are within ceilings set by local regulators. Succeeding loan availments are based on account performance and customer's credit worthiness.

Credit Management

The Bank maintains credit records and documents on all borrowings and captures transaction details in its loan systems. The credit risk policies and system infrastructure ensure that loans are monitored and managed at all times.

The Bank's Management Information System provides statistics that its business units need to identify opportunities for improving rewards without necessarily sacrificing risk. Statistical data on product, productivity, portfolio, profitability, performance and projection are made available regularly.

The Bank conducts regular loan review through the ROC, with the support of the RMO. The Bank examines its exposures, credit risk ratios, provisions and customer segments. The Bank's unique customer identification and unique group identification methodology enables it to aggregate credit exposures by customer or group of borrowers. Aggregate exposures of at least ₱100.0 million are put on a special monitoring.

The ROC assesses the adequacy of provisions for credit losses regularly. The Bank's automated loan grading system enables the Bank to set up provision per account. The Bank also performs impairment analyses on loans and receivables, whether on an individual or collective basis, in accordance with PFRS 9.

The Bank carries out stress testing analyses using Board-approved statistical models relating the default trends to macroeconomic indicators.

In 2021, the COVID pandemic that stunted the world's economy lingered. Governments and economies have slowly adapted and the numerous efforts to mitigate the outbreak (such as movement restrictions and vaccines) have started to take their roots and created some level of stability. There has also been an observed shift in credit behavior of individuals, as more have accounted for the fluidity of the pandemic situation before engaging in significant credit-taking activities. With economic recovery close, the Bank gradually relaxed its credit standards for collateralized retail loans and rode the upcoming wave. For the existing portfolios, the Bank recalibrated its ECL models with loan payment data generated from the pandemic period to ensure long-run effectivity of the provisioning process.

In February 2022, Russia launched a full-scale invasion of Ukraine. The United Nations reacted by imposing sanctions to Russia. This caused a major disruption in the value chain and kicked start a significant rise in inflation in the year. With the Russia-Ukraine war dragging-on and the United States increasing interest rates, Philippine inflation is uncomfortably high in the near term and the economic outlook for 2023 is unclear. Despite these troubling signals globally, the Bank's asset quality improved compared to 2021 due to the Bank's portfolio management initiatives. The Bank adjusted the provisioning models for the consumer loan portfolio to account for economic uncertainty. This allowed the Bank to thread the economic situation with reasonable comfortability. To optimize the Bank's credit taking activities, the consumer credit scoring models for mortgage and personal loans were redeveloped. These are expected to increase the Bank's loan portfolio without increasing the Bank's risk profile.



Maximum Exposure to Credit Risk

The tables below show the analysis of the maximum exposure to credit risk of the Bank's financial instruments, excluding those where the carrying values as reflected in the statement of condition and related notes already represent the financial instrument's maximum exposure to credit risk, after taking into account collateral held or other credit enhancements (in thousands):

2022				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Due from other banks	₱2,910	₱3,126	₱1,333	₱1,577
Receivables from customers				
Consumption loans	57,405,346	67,970,467	2,231,688	55,173,658
Real estate loans	40,973,925	66,866,090	9,942,017	31,031,908
Commercial loans	6,211,280	7,379,602	4,447,266	1,764,014
Other receivables				
Accrued interest receivable	2,548,212	763,890	1,784,322	763,890
Sales contract receivable	10,746	30,945	373	10,373
Total credit exposure	₱107,152,419	₱143,014,120	₱18,406,999	₱88,745,420
2021				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Due from other banks	₱1,366,925	₱3,331,790	₱261,139	₱1,105,786
Receivables from customers				
Consumption loans	53,839,278	61,003,357	2,957,725	50,881,553
Real estate loans	44,634,259	68,323,398	11,278,290	33,355,969
Commercial loans	6,880,926	7,212,179	4,578,919	2,302,007
Other receivables				
Accrued interest receivable	2,873,845	1,008,572	1,865,274	1,008,571
Sales contract receivable	17,302	69,713	766	16,536
Total credit exposure	₱109,612,535	₱140,949,009	₱20,942,113	₱88,670,422

An analysis of the maximum credit risk exposure relating to financial assets under Stage 3 as of December 31, 2022 and 2021 is shown below:

2022				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Receivables from customers				
Consumption loans	₱972,919	₱1,345,019	₱102,326	₱870,593
Real estate loans	1,215,207	2,021,570	373,439	841,768
Commercial loans	175,718	435,799	110,434	65,284
Other receivables				
Accrued interest receivable	87,668	35,440	52,228	35,440
Sales contract receivable	8,081	16,556	-	8,081
Total credit exposure	₱2,459,593	₱3,854,384	₱638,427	₱1,821,166
2021				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Receivables from customers				
Consumption loans	₱1,587,481	₱2,295,362	₱92,006	₱1,495,475
Real estate loans	2,280,598	3,194,907	674,810	1,605,788
Commercial loans	369,038	862,741	243,365	125,673
Other receivables				
Accrued interest receivable	166,045	114,754	51,426	114,619
Sales contract receivable	10,208	23,806	156	10,052
Total credit exposure	₱4,413,370	₱6,491,570	₱1,061,763	₱3,351,607



Collateral and Other Credit Enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding acceptability of types of collateral and valuation parameters.

The main types of collaterals obtained are as follows:

- For Due from other banks: investment securities
- For SPURA: investment securities
- For commercial lending: mortgages over real estate properties, deposit accounts and securities
- For consumer lending: mortgages over real estate and chattel

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for credit and impairment losses.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion and proceeds are used to repay or reduce the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Bank holds collateral against loans and receivables in the form of real estate and chattel mortgages, guarantees, and other registered securities over assets. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing and generally are updated every two years and when a loan is assessed to be impaired, whenever applicable. The Bank is not allowed to sell or re-pledge collateral held under SPURA in the absence of default by the counterparty. Collateral is usually not held against holdings in investment securities, and no such collateral was held as of December 31, 2022 and 2021.

Concentration of risk is managed by borrower, by group of borrowers, by geographical region and by industry sector. As of December 31, 2022 and 2021, the maximum credit exposure to any borrower, before taking into account any collateral or other credit enhancement amounted to ₱1.0 billion.

The distribution of the Bank's financial assets before taking into account any collateral held or other credit enhancements can be analyzed by the following geographical regions (in thousands):

	2022				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Luzon	₱98,102,943	₱43,148,016	₱100,101,609	₱325,350	₱241,677,918
Visayas	8,264,719	–	–	–	8,264,719
Mindanao	9,109,783	–	–	–	9,109,783
	115,477,445	43,148,016	100,101,609	325,350	259,052,420
Less allowance for credit losses	5,780,140	14,671	18,573	–	5,813,384
Total	₱109,697,305	₱43,133,345	₱100,083,036	₱325,350	₱253,239,036

* Composed of due from BSP and due from other banks, interbank loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOI, security deposits, other investments, and shortages) and stand-by credit lines amounting to ₱122.0 million

	2021				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Luzon	₱99,598,797	₱58,329,789	₱81,254,493	₱248,112	₱239,431,191
Visayas	8,508,721	–	–	–	8,508,721
Mindanao	9,504,112	–	–	–	9,504,112
	117,611,630	58,329,789	81,254,493	248,112	257,444,024
Less allowance for credit losses	7,500,124	2,273	25,598	–	7,527,995
Total	₱110,111,506	₱58,327,516	₱81,228,895	₱248,112	₱249,916,029

* Composed of due from BSP and due from other banks, interbank loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOI, security deposits, other investments, and shortages) and stand-by credit lines amounting to ₱21.1 million



Additionally, the tables below show the distribution of the Bank's financial assets and off-balance sheet items before taking into account any collateral or other credit enhancements analyzed by industry sector as of December 31, 2022, and 2021 (in thousands):

	2022				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Financial and insurance activities	₱1,812,133	₱43,148,016	₱100,101,609	₱203,350	₱145,265,108
Activities of private households as employers and undifferentiated goods and services and producing activities of households for own use	65,158,520	—	—	—	65,158,520
Real estate activities	37,931,267	—	—	—	37,931,267
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,040,122	—	—	—	2,040,122
Electricity, gas, steam and air-conditioning supply	1,363,927	—	—	—	1,363,927
Transportation and storage	926,381	—	—	—	926,381
Construction	616,325	—	—	122,000	738,325
Manufacturing	573,213	—	—	—	573,213
Administrative and support service activities	333,497	—	—	—	333,497
Accommodation and food service activities	191,686	—	—	—	191,686
Professional, scientific and technical services	133,147	—	—	—	133,147
Education	119,977	—	—	—	119,977
Human health and social work activities	115,274	—	—	—	115,274
Information and communication	76,092	—	—	—	76,092
Arts, entertainment and recreation	73,371	—	—	—	73,371
Agricultural, forestry and fishing	71,649	—	—	—	71,649
Water supply, sewage, waste management and remediation activities	44,661	—	—	—	44,661
Mining and quarrying	4,779	—	—	—	4,779
Other service activities	3,891,424	—	—	—	3,891,424
	115,477,445	43,148,016	100,101,609	325,350	259,052,420
Less allowance for credit losses	5,780,140	14,671	18,573	—	5,813,384
Total	₱109,697,305	₱43,133,345	₱100,083,036	₱325,350	₱253,239,036

* Composed of due from BSP and due from other banks, interbank loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOCI, security deposits and shortages) and stand-by credit lines amounting to ₱122.0 million

	2021				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Financial and insurance activities	₱2,265,638	₱58,329,789	₱81,254,493	₱226,593	₱142,076,513
Activities of private households as employers and undifferentiated goods and services and producing activities of households for own use	63,828,199	—	—	—	63,828,199
Real estate activities	40,795,370	—	—	—	40,795,370
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,136,870	—	—	—	2,136,870
Electricity, gas, steam and air-conditioning supply	1,686,905	—	—	—	1,686,905
Transportation and storage	1,024,913	—	—	1,100	1,026,013
Construction	741,150	—	—	20,000	761,150
Manufacturing	656,580	—	—	—	656,580
Administrative and support service activities	434,708	—	—	—	434,708
Accommodation and food service activities	313,755	—	—	—	313,755
Professional, scientific and technical services	126,598	—	—	—	126,598
Education	138,305	—	—	—	138,305
Human health and social work activities	168,371	—	—	—	168,371
Information and communication	81,079	—	—	—	81,079
Arts, entertainment and recreation	96,387	—	—	—	96,387
Agricultural, forestry and fishing	64,994	—	—	—	64,994
Water supply, sewage, waste management and remediation activities	54,919	—	—	—	54,919
Mining and quarrying	18,482	—	—	—	18,482
Other service activities	2,978,407	—	—	—	2,978,407
	117,611,630	58,329,789	81,254,493	247,693	257,443,605
Less allowance for credit losses	7,500,124	2,273	25,598	—	7,527,995
Total	₱110,111,506	₱58,327,516	₱81,228,895	₱247,693	₱249,915,610

* Composed of due from BSP and due from other banks, interbank loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOCI, security deposits and shortages) and stand-by credit lines amounting to ₱21.1 million



Credit Quality

The Bank uses the standard below in defining credit quality.

High Grade exposures show low levels of expected loss. For loans, these accounts should neither be past due nor impaired. The Bank classifies those accounts under current or 1 to 30 days past due status and are not impaired (Stage 1 & 2).

Standard Grade exposures show moderate levels of expected loss. For loans, these accounts should neither be past due nor impaired.

Sub Standard Grade requires a special degree of attention given the increased risk of default. For loans, these accounts should neither be past due nor impaired.

Past Due but Not Credit Impaired are applicable to loan accounts which are classified as delinquent (31-90 days past due) but are not subject to impairment (Stage 2) as of statement of condition date.

Past Due and Credit Impaired. These include loan accounts considered to be delinquent (91+ days past due), non-performing as defined by BSP Circular No. 941.

Description of the internal credit rating system for loans, receivables and stand-by credit lines:

Internal Credit Rating System (ICRS)

The Bank rates accounts on a scale of 1 to 10, with 1 being the best, based on the Board-approved credit ratings which utilize the expected credit loss and qualitative assessments. ICRS rating assessment considers both borrower and facility features.

High Grade (ICRS Rating 1 - 4)

1 - Excellent

An excellent rating is given to a borrower with a very low probability of going into default and/or low loss given default. The Bank's internal rating system has given an outstanding rating to the borrower, indicative of excellent ability to meet credit obligation in full and consistently meet payment commitments. Accounts with excellent rating may have collateral, further diminishing any losses in case of a default.

2 - Strong

This rating is given to borrowers with low probability of going into default in the coming year with low to moderate loss given default. The Bank's internal rating system has given a high rating to the borrower. The borrower has the ability to meet credit obligation in full, except that the borrower may have a history of missing a payment.

3 - Good

This rating is given to borrowers with low to moderate probability of going into default in the coming year with moderate loss given default. These are largely characterized by borrowers with good rating and have historically missed several payments.

4 - Satisfactory

A 'satisfactory' rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater with moderate to high loss given default. These are characterized by borrowers with good rating with a history of default.

Standard Grade (ICRS Rating 5)

5 - Acceptable

An 'acceptable' rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be expected to meet their credit obligations in full. These are characterized by borrowers with moderate rating.



Substandard Grade (ICRS Rating 6-8)

6 or 7 - Loan Especially Mentioned

An account assessed to have potential weaknesses which when left uncorrected, may affect the repayment of the account and thus increase credit risk to the Bank, will be assigned this rating.

8 - Substandard

These accounts or portion thereof involves a substantial and an unreasonable degree of risk to the Bank because of unfavorable record or unsatisfactory characteristics. These accounts show possibility of future loss to the Bank unless given closer supervision and well-defined weaknesses that jeopardize the account liquidation.

Past Due but Not Credit Impaired

Otherwise known as under-performing loans, these accounts are characterized as showing signs of deterioration. These include loans that are delinquent by 31-90 days and are not subject to impairment (Stage 2) regardless of ICRS rating.

Past Due and Credit Impaired

Otherwise known as non-performing loans, these accounts are already impaired. These include accounts under Stage 3 ECL, delinquent by 91+ days and considered non-performing as defined by BSP Circular No. 941 regardless of ICRS rating. The following credit ratings will always be classified as credit impaired:

9 - Doubtful

Given to an account assessed to have characteristics where collection and liquidation in full is highly improbable and in which substantial loss is probable.

10 - Loss

Given to an account assessed to loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets are not warranted.

The credit quality of receivables from customers, gross of allowance for credit losses, as of December 31, 2022 and 2021 follows (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Consumption Loans:							
High Grade	₱-	₱52,004,129	₱-	₱-	₱-	₱-	₱52,004,129
Standard Grade	-	1,113,067	-	-	-	-	1,113,067
Sub-standard Grade	-	-	-	3,536,376	-	-	3,536,376
Past Due but Not Impaired	-	-	-	2,055,207	-	-	2,055,207
Non-performing Individually Impaired	-	-	-	-	1,911,793	-	1,911,793
	-	53,117,196	-	5,591,583	1,911,793	-	60,620,572
Real Estate Loans:							
High Grade	-	22,511,454	-	12,299,289	-	-	34,810,743
Standard Grade	-	-	-	-	-	-	-
Sub-standard Grade	-	-	-	4,477,362	-	-	4,477,362
Past Due but Not Impaired	-	-	-	1,265,122	-	-	1,265,122
Non-performing Individually Impaired	-	-	-	-	1,527,167	-	1,527,167
	-	22,511,454	-	18,041,773	1,527,167	-	42,080,394
Commercial Loans:							
High Grade	-	5,502,455	-	-	-	-	5,502,455
Standard Grade	-	56,913	-	-	-	-	56,913
Sub-standard Grade	-	118,130	-	403,688	-	-	521,818
Past Due but Not Impaired	-	-	-	45,454	-	-	45,454
Non-performing Individually Impaired	-	-	-	-	352,472	-	352,472
	-	5,677,498	-	449,142	352,472	-	6,479,112

(Forward)



	2022						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Personal Loans:							
High Grade	₱-	₱950,393	₱-	₱-	₱-	₱-	₱950,393
Standard Grade	-	4,085	-	-	-	-	4,085
Sub-standard Grade	-	-	-	990,700	-	-	990,700
Past Due but Not Impaired	-	-	-	31,948	-	-	31,948
Non-performing Individually Impaired	-	-	-	-	246,014	-	246,014
	-	954,478	-	1,022,648	246,014	-	2,223,140
Total Receivables from Customer:							
High Grade	-	80,968,431	-	12,299,289	-	-	93,267,720
Standard Grade	-	1,174,065	-	-	-	-	1,174,065
Sub-standard Grade	-	118,130	-	9,408,126	-	-	9,526,256
Past Due but Not Impaired	-	-	-	3,397,731	-	-	3,397,731
Non-performing Individually Impaired	-	-	-	-	4,037,446	-	4,037,446
	₱-	₱ 82,260,626	₱-	₱ 25,105,146	₱ 4,037,446	₱-	₱111,403,218
	2021						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans:							
High Grade	₱-	₱43,002,350	₱-	₱3,764,138	₱-	₱-	₱46,766,488
Standard Grade	-	127,831	-	-	-	-	127,831
Sub-standard Grade	-	-	-	4,020,315	-	-	4,020,315
Past Due but Not Impaired	-	-	-	3,633,233	-	-	3,633,233
Non-performing Individually Impaired	-	-	-	-	3,262,487	-	3,262,487
	-	43,130,181	-	11,417,686	3,262,487	-	57,810,354
Real Estate Loans:							
High Grade	-	35,272,887	-	-	-	-	35,272,887
Standard Grade	-	1,141,814	-	-	-	-	1,141,814
Sub-standard Grade	-	-	-	4,727,291	-	-	4,727,291
Past Due but Not Impaired	-	-	-	1,578,565	-	-	1,578,565
Non-performing Individually Impaired	-	-	-	-	2,557,387	-	2,557,387
	-	36,414,701	-	6,305,856	2,557,387	-	45,277,944
Commercial Loans:							
High Grade	-	6,002,809	-	-	-	-	6,002,809
Standard Grade	-	73,020	-	-	-	-	73,020
Sub-standard Grade	-	-	-	497,914	-	-	497,914
Past Due but Not Impaired	-	-	-	184,336	-	-	184,336
Non-performing Individually Impaired	-	-	-	-	627,010	-	627,010
	-	6,075,829	-	682,250	627,010	-	7,385,089
Personal Loans:							
High Grade	-	617,516	-	-	-	-	617,516
Standard Grade	-	2,966	-	-	-	-	2,966
Sub-standard Grade	-	-	-	967,493	-	-	967,493
Past Due but Not Impaired	-	-	-	490,406	-	-	490,406
Non-performing Individually Impaired	-	-	-	-	682,973	-	682,973
	-	620,482	-	1,457,899	682,973	-	2,761,354
Total Receivables from Customer:							
High Grade	-	84,895,562	-	3,764,138	-	-	88,659,700
Standard Grade	-	1,345,631	-	-	-	-	1,345,631
Sub-standard Grade	-	-	-	10,213,013	-	-	10,213,013
Past Due but Not Impaired	-	-	-	5,886,540	-	-	5,886,540
Non-performing Individually Impaired	-	-	-	-	7,129,857	-	7,129,857
	₱-	₱86,241,193	₱-	₱19,863,691	₱7,129,857	₱-	₱113,234,741



The credit quality of other receivables, gross of allowance for credit losses, as of December 31, 2022 and 2021 follows (in thousands):

	2022						POCI	Total
	Stage 1		Stage 2		Stage 3			
	Individual	Collective	Individual	Collective				
Accrued Interest Receivable:								
High Grade	₱-	₱1,908,728	₱-	₱171,998	₱-	₱-	₱2,080,726	
Standard Grade	-	9,463	-	-	-	-	9,463	
Sub-standard Grade	-	353	-	271,126	-	-	271,479	
Past Due but Not Impaired	-	-	-	135,885	-	-	135,885	
Non-performing Individually Impaired	-	-	-	-	113,402	-	113,402	
	-	1,918,544	-	579,009	113,402	-	2,610,955	
Accounts Receivable:								
High Grade	-	925,416	-	3,088	-	-	928,504	
Standard Grade	-	-	-	-	-	-	-	
Sub-standard Grade	-	-	-	17,479	-	-	17,479	
Past Due but Not Impaired	-	-	-	14,458	-	-	14,458	
Non-performing Individually Impaired	-	-	-	-	491,902	-	491,902	
	-	925,416	-	35,025	491,902	-	1,452,343	
Sales Contract Receivable:								
High Grade	-	2,078	-	-	-	-	2,078	
Standard Grade	-	-	-	-	-	-	-	
Sub-standard Grade	-	-	-	600	-	-	600	
Past Due but Not Impaired	-	-	-	-	-	-	-	
Non-performing Individually Impaired	-	-	-	-	8,251	-	8,251	
	-	2,078	-	600	8,251	-	10,929	
Total Other Receivables:								
High Grade	-	2,836,222	-	175,086	-	-	3,011,308	
Standard Grade	-	9,463	-	-	-	-	9,463	
Sub-standard Grade	-	353	-	289,205	-	-	289,558	
Past Due but Not Impaired	-	-	-	150,343	-	-	150,343	
Non-performing Individually Impaired	-	-	-	-	613,555	-	613,555	
	₱-	₱2,846,038	₱-	₱614,634	₱613,555	₱-	₱4,074,227	

	2021						POCI	Total
	Stage 1		Stage 2		Stage 3			
	Individual	Collective	Individual	Collective				
Accrued Interest Receivable:								
High Grade	₱-	₱2,047,263	₱-	₱161,517	₱-	₱-	₱2,208,780	
Standard Grade	-	16,960	-	-	-	-	16,960	
Sub-standard Grade	-	134	-	280,179	-	-	280,313	
Past Due but Not Impaired	-	-	-	234,479	-	-	234,479	
Non-performing Individually Impaired	-	-	-	-	874,680	-	874,680	
	-	2,064,357	-	676,175	874,680	-	3,615,212	
Accounts Receivable:								
High Grade	-	207,139	-	1,105	-	-	208,244	
Standard Grade	-	342	-	-	-	-	342	
Sub-standard Grade	-	-	-	8,872	-	-	8,872	
Past Due but Not Impaired	-	-	-	16,684	-	-	16,684	
Non-performing Individually Impaired	-	-	-	-	509,937	-	509,937	
	-	207,481	-	26,661	509,937	-	744,079	
Sales Contract Receivable:								
High Grade	-	3,263	-	-	-	-	3,263	
Standard Grade	-	-	-	-	-	-	-	
Sub-standard Grade	-	-	-	-	-	-	-	
Past Due but Not Impaired	-	-	-	3,912	-	-	3,912	
Non-performing Individually Impaired	-	-	-	-	10,424	-	10,424	
	-	3,263	-	3,912	10,424	-	17,599	

(Forward)



	2021						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Total Other Receivables:							
High Grade	P-	P2,257,665	P-	P162,622	P-	P-	P2,420,287
Standard Grade	-	17,302	-	-	-	-	17,302
Sub-standard Grade	-	134	-	289,051	-	-	289,185
Past Due but Not Impaired	-	-	-	255,075	-	-	255,075
Non-performing Individually Impaired	-	-	-	-	1,395,041	-	1,395,041
	P-	P2,275,101	P-	P706,748	P1,395,041	P-	P4,376,890

The credit quality of other financial assets which include RCOCI, security deposits, other investments, and shortages, gross of allowance for credit losses amounting as of December 31, 2022 and 2021 follows (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Other Financial Assets							
High Grade	P-	P-	P-	P-	P-	P-	P-
Standard Grade	-	203,350	-	-	-	-	203,350
Sub-standard Grade	-	-	-	-	-	-	-
Past Due but Not Impaired	-	-	-	-	-	-	-
Non-performing Individually Impaired	-	-	-	-	-	-	-
Total	P-	P203,350	P-	P-	P-	P-	P203,350

	2021						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Other Financial Assets							
High Grade	P-	P-	P-	P-	P-	P-	P-
Standard Grade	-	247,693	-	-	-	-	247,693
Sub-standard Grade	-	-	-	-	-	-	-
Past Due but Not Impaired	-	-	-	-	-	-	-
Non-performing Individually Impaired	-	-	-	-	-	-	-
Total	P-	P247,693	P-	P-	P-	P-	P247,693

Movements of receivables from customers as of December 31, 2022 and 2021 follow (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance as of January 1, 2022	P-	P43,130,181	P-	P11,417,686	P3,262,487	P-	P57,810,354
New assets originated	-	27,083,374	-	472,701	186,914	-	27,742,989
Assets derecognized or repaid	-	(15,811,154)	-	(6,634,250)	(1,870,417)	-	(24,315,821)
Amounts written off	-	-	-	-	(616,950)	-	(616,950)
Transfers to Stage 1	-	3,331,983	-	(3,151,032)	(180,951)	-	-
Transfers to Stage 2	-	(4,143,655)	-	4,414,207	(270,552)	-	-
Transfers to Stage 3	-	(473,534)	-	(927,730)	1,401,264	-	-
Balance at December 31, 2022	-	53,117,195	-	5,591,582	1,911,795	-	60,620,572
Real Estate Loans							
Balance as of January 1, 2022	-	36,414,701	-	6,305,856	2,557,387	-	45,277,944
New assets originated	-	4,294,167	-	125,086	-	-	4,419,253
Assets derecognized or repaid	-	(3,311,981)	-	(3,309,985)	(994,836)	-	(7,616,802)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	1,078,394	-	(1,013,043)	(65,351)	-	-
Transfers to Stage 2	-	(15,740,149)	-	16,453,032	(712,883)	-	-
Transfers to Stage 3	-	(223,677)	-	(519,172)	742,849	-	-
Balance at December 31, 2022	-	22,511,455	-	18,041,774	1,527,166	-	42,080,395
Commercial Loans							
Balance as of January 1, 2022	-	6,075,829	-	682,250	627,010	-	7,385,089
New assets originated	-	1,072,066	-	7,000	-	-	1,079,066
Assets derecognized or repaid	-	(1,644,214)	-	(177,750)	(163,080)	-	(1,985,044)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	277,106	-	(251,981)	(25,125)	-	-
Transfers to Stage 2	-	(98,075)	-	209,194	(111,119)	-	-
Transfers to Stage 3	-	(5,215)	-	(19,570)	24,785	-	-
Balance at December 31, 2022	-	5,677,497	-	449,143	352,471	-	6,479,111

(Forward)



	2022						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Personal Loans							
Balance as of January 1, 2022	₱-	₱620,482	₱-	₱1,457,899	₱682,973	₱-	₱2,761,354
New assets originated	-	496,951	-	158,270	13,963	-	669,184
Assets derecognized or repaid	-	(499,438)	-	(169,281)	(87,985)	-	(756,704)
Amounts written off	-	-	-	-	(450,694)	-	(450,694)
Transfers to Stage 1	-	387,595	-	(386,679)	(916)	-	-
Transfers to Stage 2	-	(49,012)	-	53,205	(4,193)	-	-
Transfers to Stage 3	-	(2,100)	-	(90,766)	92,866	-	-
Balance at December 31, 2022	-	954,478	-	1,022,648	246,014	-	2,223,140
Total Receivable from Customer							
Balance at January 1, 2022	-	86,241,193	-	19,863,691	7,129,858	-	113,234,742
New assets originated	-	32,946,558	-	763,056	200,877	-	33,910,491
Assets derecognized or repaid	-	(21,266,787)	-	(10,291,266)	(3,116,318)	-	(34,674,371)
Amounts written off	-	-	-	-	(1,067,644)	-	(1,067,644)
Transfers to Stage 1	-	5,075,078	-	(4,802,735)	(272,343)	-	-
Transfers to Stage 2	-	(20,030,891)	-	21,129,638	(1,098,747)	-	-
Transfers to Stage 3	-	(704,526)	-	(1,557,237)	2,261,763	-	-
Balance at December 31, 2022	₱-	₱82,260,625	₱-	₱25,105,147	₱4,037,446	₱-	₱111,403,218

	2021						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance as of January 1, 2021	₱-	₱51,657,773	₱-	₱21,268,074	₱5,574,364	₱-	₱78,500,211
New assets originated	-	11,747,584	-	116,480	48,005	-	11,912,069
Assets derecognized or repaid	-	(16,852,924)	-	(11,814,468)	(3,522,014)	-	(32,189,406)
Amounts written off	-	-	-	-	(412,520)	-	(412,520)
Transfers to Stage 1	-	6,637,801	-	(6,348,022)	(289,779)	-	-
Transfers to Stage 2	-	(8,953,172)	-	9,697,072	(743,900)	-	-
Transfers to Stage 3	-	(1,106,881)	-	(1,501,450)	2,608,331	-	-
Balance at December 31, 2021	-	43,130,181	-	11,417,686	3,262,487	-	57,810,354
Real Estate Loans							
Balance as of January 1, 2021	-	31,025,337	-	16,374,032	3,016,169	-	50,415,538
New assets originated	-	2,937,165	-	40,337	11,989	-	2,989,491
Assets derecognized or repaid	-	(5,162,234)	-	(2,160,883)	(803,968)	-	(8,127,085)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	10,174,390	-	(9,843,303)	(331,087)	-	-
Transfers to Stage 2	-	(2,168,439)	-	2,843,065	(674,626)	-	-
Transfers to Stage 3	-	(391,518)	-	(947,392)	1,338,910	-	-
Balance at December 31, 2021	-	36,414,701	-	6,305,856	2,557,387	-	45,277,944
Commercial Loans							
Balance as of January 1, 2021	-	8,435,852	-	1,861,091	758,188	-	11,055,131
New assets originated	-	1,306,058	-	75,807	298	-	1,382,163
Assets derecognized or repaid	-	(3,774,821)	-	(956,113)	(314,569)	-	(5,045,503)
Amounts written off	-	-	-	-	(6,702)	-	(6,702)
Transfers to Stage 1	-	484,591	-	(402,249)	(82,342)	-	-
Transfers to Stage 2	-	(293,483)	-	333,076	(39,593)	-	-
Transfers to Stage 3	-	(82,368)	-	(229,362)	311,730	-	-
Balance at December 31, 2021	-	6,075,829	-	682,250	627,010	-	7,385,089
Personal Loans							
Balance as of January 1, 2021	-	724,195	-	1,825,187	626,190	-	3,175,572
New assets originated	-	123,458	-	439,625	21,895	-	584,978
Assets derecognized or repaid	-	(332,177)	-	(419,916)	(131,705)	-	(883,798)
Amounts written off	-	-	-	-	(115,398)	-	(115,398)
Transfers to Stage 1	-	184,823	-	(183,898)	(925)	-	-
Transfers to Stage 2	-	(70,345)	-	74,643	(4,298)	-	-
Transfers to Stage 3	-	(9,472)	-	(277,742)	287,214	-	-
Balance at December 31, 2021	-	620,482	-	1,457,899	682,973	-	2,761,354
Total Receivable from Customer							
Balance at January 1, 2021	-	91,843,157	-	41,328,384	9,974,911	-	143,146,452
New assets originated	-	16,114,265	-	672,249	82,187	-	16,868,701
Assets derecognized or repaid	-	(26,122,156)	-	(15,351,380)	(4,772,256)	-	(46,245,792)
Amounts written off	-	-	-	-	(534,620)	-	(534,620)
Transfers to Stage 1	-	17,481,605	-	(16,777,472)	(704,133)	-	-
Transfers to Stage 2	-	(11,485,439)	-	12,947,856	(1,462,417)	-	-
Transfers to Stage 3	-	(1,590,239)	-	(2,955,946)	4,546,185	-	-
Balance at December 31, 2021	₱-	₱86,241,193	₱-	₱19,863,691	₱7,129,857	₱-	₱113,234,741



Movements of other receivables as of December 31, 2022 and 2021 follow (in thousands):

	2022						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2022	₱-	₱2,064,357	₱-	₱676,175	₱874,680	₱-	₱3,615,212
New assets originated	-	231,352	-	15,292	6,159	-	252,803
Assets derecognized or repaid	-	(210,931)	-	(241,001)	(805,128)	-	(1,257,060)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	161,815	-	(153,923)	(7,892)	-	-
Transfers to Stage 2	-	(310,293)	-	333,844	(23,551)	-	-
Transfers to Stage 3	-	(17,755)	-	(51,379)	69,134	-	-
Balance at December 31, 2022	-	1,918,545	-	579,008	113,402	-	2,610,955
Sales Contract Receivable							
Balance at January 1, 2022	-	3,263	-	3,912	10,424	-	17,599
New assets originated	-	-	-	-	-	-	-
Assets derecognized or repaid	-	(2,528)	-	(3,942)	(200)	-	(6,670)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	1,425	-	-	(1,425)	-	-
Transfers to Stage 2	-	(83)	-	630	(547)	-	-
Transfers to Stage 3	-	-	-	-	-	-	-
Balance at December 31, 2022	-	2,077	-	600	8,252	-	10,929
Total Other Receivables							
Balance at January 1, 2022	-	2,067,620	-	680,087	885,104	-	3,632,811
New assets originated	-	231,352	-	15,292	6,159	-	252,803
Assets derecognized or repaid	-	(213,459)	-	(244,943)	(805,328)	-	(1,263,730)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	163,240	-	(153,923)	(9,317)	-	-
Transfers to Stage 2	-	(310,376)	-	334,474	(24,098)	-	-
Transfers to Stage 3	-	(17,755)	-	(51,379)	69,134	-	-
Balance at December 31, 2022	₱-	₱1,920,622	₱-	₱579,608	₱121,654	₱-	₱2,621,884

	2021						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2021	₱-	₱2,390,274	₱-	₱1,241,743	₱967,920	₱-	₱4,599,937
New assets originated	-	179,696	-	13,790	15,207	-	208,693
Assets derecognized or repaid	-	(553,038)	-	(414,177)	(226,203)	-	(1,193,418)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	419,305	-	(406,706)	(12,599)	-	-
Transfers to Stage 2	-	(322,070)	-	351,229	(29,159)	-	-
Transfers to Stage 3	-	(49,810)	-	(109,704)	159,514	-	-
Balance at December 31, 2021	-	2,064,357	-	676,175	874,680	-	3,615,212
Sales Contract Receivable							
Balance at January 1, 2021	-	3,945	-	-	21,864	-	25,809
New assets originated	-	-	-	-	-	-	-
Assets derecognized or repaid	-	(2,219)	-	(2,462)	(3,529)	-	(8,210)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	2,107	-	-	(2,107)	-	-
Transfers to Stage 2	-	(528)	-	6,374	(5,846)	-	-
Transfers to Stage 3	-	(42)	-	-	42	-	-
Balance at December 31, 2021	-	3,263	-	3,912	10,424	-	17,599
Total Other Receivables							
Balance at January 1, 2021	-	2,394,219	-	1,241,743	989,784	-	4,625,746
New assets originated	-	179,696	-	13,790	15,207	-	208,693
Assets derecognized or repaid	-	(555,257)	-	(416,639)	(229,732)	-	(1,201,628)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	421,412	-	(406,706)	(14,706)	-	-
Transfers to Stage 2	-	(322,598)	-	357,603	(35,005)	-	-
Transfers to Stage 3	-	(49,852)	-	(109,704)	159,556	-	-
Balance at December 31, 2021	₱-	₱2,067,620	₱-	₱680,087	₱885,104	₱-	₱3,632,811

External Ratings

For investment securities, in ensuring quality investment portfolio, the Bank uses the credit risk rating from published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies.

Presented here is Moody's rating – equivalent S&P rating and other rating agencies applies:

Credit Quality	External Rating									
High grade	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2	B3				
Substandard grade	Caa1	Caa2	Caa3	Ca	C					



High grade - represents those investments which fall under any of the following grade:

Aaa - fixed income obligations are judged to be of the highest quality, with the smallest degree of risk.

Aa1, Aa2, Aa3 - fixed income are judged to be of high quality and are subject to very low credit risk, but their susceptibility to long-term risks appears somewhat greater.

A1, A2, A3 - fixed income obligations are considered upper-medium grade and are subject to low credit risk, but have elements present that suggest a susceptibility to impairment over the long term.

Baa1, Baa2, Baa3 - fixed income obligations are subject to moderate credit risk. They are considered medium grade and as such protective elements may be lacking or may be characteristically unreliable.

Standard grade - represents those investments which fall under any of the following grade:

Ba1, Ba2, Ba3 - obligations are judged to have speculative elements and are subject to substantial credit risk.

B1, B2, B3 - obligations are considered speculative and are subject to high credit risk.

Substandard grade - represents those investments which fall under any of the following grade:

Caa1, Caa2, Caa3 - are judged to be of poor standing and are subject to very high credit risk.

Ca - are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C - are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

As of December 31, 2022 and 2021 the following tables show the credit quality of loans and advances to banks (in thousands).

	2022						POCI	Total
	Stage 1		Stage 2		Stage 3			
	Individual	Collective	Individual	Collective				
Due from BSP								
High Grade	₱37,553,244	₱-	₱-	₱-	₱-	₱-	₱37,553,244	
Due from other banks								
High Grade	2,925,163	-	-	-	-	-	2,925,163	
Total Loans and Advances to Banks								
High Grade	₱40,478,407	₱-	₱-	₱-	₱-	₱-	₱40,478,407	

	2021						POCI	Total
	Stage 1		Stage 2		Stage 3			
	Individual	Collective	Individual	Collective				
Due from BSP								
High Grade	₱52,428,888	₱-	₱-	₱-	₱-	₱-	₱52,428,888	
Due from other banks								
High Grade	1,368,023	-	-	-	-	-	1,368,023	
Total Loans and Advances to Banks								
High Grade	₱53,796,911	₱-	₱-	₱-	₱-	₱-	₱53,796,911	



As of December 31, 2022 and 2021, the following table shows the credit quality of the Bank's investment securities (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
FVTPL - Government Debt Securities							
High Grade	₱36	₱-	₱-	₱-	₱-	₱-	₱36
FVTPL - Derivative Asset							
High Grade	-	-	-	-	-	-	-
	36	-	-	-	-	-	36
FVOCI - Government Debt Securities							
High Grade	68,039,301	-	-	-	-	-	68,039,301
	68,039,301	-	-	-	-	-	68,039,301
FVOCI - Private Debt Securities							
Standard Grade	1,600,772	-	-	-	-	-	1,600,772
	1,600,772	-	-	-	-	-	1,600,772
Investment Securities at Amortized Cost - Government Debt Securities							
High Grade	27,932,285	-	-	-	-	-	27,932,285
	27,932,285	-	-	-	-	-	27,932,285
Investment Securities at Amortized Cost - Private Debt Securities							
Standard Grade	2,508,573	-	-	-	-	-	2,508,573
	2,508,573	-	-	-	-	-	2,508,573
Total Investment Securities							
High Grade	95,971,622	-	-	-	-	-	95,971,622
Standard Grade	4,109,345	-	-	-	-	-	4,109,345
	₱100,080,967	₱-	₱-	₱-	₱-	₱-	₱100,080,967

	2021						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
FVTPL - Government Debt Securities							
High Grade	₱45	₱-	₱-	₱-	₱-	₱-	₱45
FVTPL - Derivative Asset							
High Grade	-	-	-	-	-	-	-
	45	-	-	-	-	-	45
FVOCI - Government Debt Securities							
High Grade	58,407,116	-	-	-	-	-	58,407,116
	58,407,116	-	-	-	-	-	58,407,116
FVOCI - Private Debt Securities							
Standard Grade	1,845,811	-	-	-	-	-	1,845,811
	1,845,811	-	-	-	-	-	1,845,811
Investment Securities at Amortized Cost - Government Debt Securities							
High Grade	18,516,211	-	-	-	-	-	18,516,211
	18,516,211	-	-	-	-	-	18,516,211
Investment Securities at Amortized Cost - Private Debt Securities							
Standard Grade	2,471,733	-	-	-	-	-	2,471,733
	2,471,733	-	-	-	-	-	2,471,733
Total Investment Securities							
High Grade	76,923,372	-	-	-	-	-	76,923,372
Standard Grade	4,317,544	-	-	-	-	-	4,317,544
	₱81,240,916	₱-	₱-	₱-	₱-	₱-	₱81,240,916

All of the Bank's loan commitments and financial guarantees amounting to ₱122.0 million and ₱21.1 million as of December 31, 2022 and 2021, respectively, are classified as high grade under Stage 1.



ECL Methodology Overview

Two modelling approaches are employed to build a consistent framework for the development of all ECL models of the Bank. Both modeling approaches consider past events, current conditions and forecast of economic conditions in assessing impairment.

The complex model approach is used for portfolios with a significant number of historical defaults. This approach is applied to the consumer loan portfolios. These quantitative models are built by applying statistical, economic, financial or mathematical theories, techniques and assumptions to calculate provisions. Where historical data are insufficient to develop statistical models, such as for Business Loans, Account Receivables, Sales Contract Receivables, etc. the simplified ECL approach is employed. The Bank observes the historical PD and LGD of the portfolio and applies forward looking economic data on PD to calculate the ECL.

Classification of Individual/Collective Impairment

The Bank calculates provisions either in a collective or individual basis.

Collective impairment calculates risk provisions by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (i.e. facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculating provisions based on the expected credit loss models. All Stage 1 and 2 accounts of the Bank are categorized under collective impairment.

Individual impairment is applicable for all accounts under Stage 3 or accounts deemed as significant exposures and show objective evidence of impairment. The indicators may be default in payment, restructuring, litigation or probable foreclosure.

As of December 31, 2022 and 2021, an analysis by past due status of receivables from customers wherein the SICR is based only on the past due information is as follows:

	2022					
	Number of days past due					
	Up to 30 days	31-60 days	61-90 days	91-180 days	180 days	Total
Receivables from customers						
Consumption loans	₱94,402	₱1,544,667	₱642,497	₱657,251	₱1,041,863	₱3,980,680
Real estate loans	755,775	1,103,013	408,889	257,910	609,698	3,135,285
Commercial loans	38,173	15,288	11,457	1,342	315,281	381,541
Personal loans	88,419	21,226	12,267	27,729	141,573	291,214
Total	₱976,769	₱2,684,194	₱1,075,110	₱944,232	₱2,108,415	₱7,788,720

	2021					
	Number of days past due					
	Up to 30 days	31-60 days	61-90 days	91-180 days	180 days	Total
Receivables from customers						
Consumption loans	₱949,282	₱1,826,791	₱738,039	₱796,188	₱1,856,711	₱6,167,011
Real estate loans	1,647,103	1,308,402	403,483	377,520	1,359,594	5,096,102
Commercial loans	41,149	45,230	35,453	37,406	535,055	694,293
Personal loans	192,737	16,987	12,618	41,431	472,098	735,871
Total	₱2,830,271	₱3,197,410	₱1,189,593	₱1,252,545	₱4,223,458	₱12,693,277

b. Market risk

Market risk management covers the areas of trading and interest rate risks. The Bank utilizes various measurement and monitoring tools to ensure that risk-taking activities are managed within instituted market risk parameters. The Bank revalues its trading portfolios on a daily basis and checks the revenue or loss generated by each portfolio in relation to their level of market risk.

The Bank's risk policies and implementing guidelines are regularly reviewed by the Assets and Liabilities Committee (ALCO), ROC and BOD to ensure that these are up-to-date and in line with changes in the economy, environment and regulations. The ROC and the BOD set the comprehensive market risk limit structure and define the parameters of market activities that the Bank can engage in.



Market risk is the risk to earnings and capital arising from changes in the value of traded portfolios of financial instruments (trading market risk) and from movements in interest rates (interest rate risk). The Bank's market risk originates primarily from holding peso and dollar-denominated debt securities. The Bank utilizes Value-at-Risk (VaR) to measure and manage market risk exposure. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given confidence level over a specified holding period.

Trading activities

The Bank's trading portfolios consist of peso- and dollar-denominated debt securities that are marked-to-market daily.

VaR is a statistical measure that calculates the maximum potential loss from a portfolio over a holding period, within a given confidence level. The Bank's current VaR model is based on a historical simulation methodology with a one-day holding period and a 99% confidence level. The Bank establishes limits for trading portfolios and VaR, and comply with regulatory standards. VaR reports are prepared to closely monitor daily profit and loss against loss triggers and stop-loss limits. These are submitted to Treasury Group and RMO on daily basis and to ROC and BOD on monthly basis. When there is a breach in VaR limits, Treasury Group is expected to close or reduce their position and bring it down within the limit unless approval from the President is obtained to retain the same. All breaches are reported to the President for regularization. In addition to the regularization and approval of the President, breaches in VaR limits and special approvals are likewise reported to the ROC and BOD for their information and confirmation.

The Bank performs back testing to validate the VaR model. Results are reported to the ROC and BOD on a monthly basis. Stress testing is also conducted based on historical maximum percentage daily movement and on various ad-hoc rate shock scenarios to estimate potential losses in a crisis situation.

Responsibility for managing the Bank's trading market risk remains with the ROC. With the support of RMO, the ROC recommends to the BOD changes in market risk limits, approving authorities and other activities that need special consideration.

Discussed below are the limitations and assumptions applied by the Bank on its VaR methodology:

- a. VaR is a statistical estimate and thus, does not give the precise amount of loss;
- b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a bank's exposure to market risk;
- c. Historical simulation does not involve any distributional assumptions, scenarios that are used in computing VaR are limited to those that occurred in the historical sample; and
- d. VaR systems are backward-looking. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Major shifts therefore (i.e., an unexpected collapse of the market) are not captured and may inflict losses much bigger than anything the VaR model may have calculated.

The Bank's interest rate VaR follows (in thousands):

	December 31, 2022		December 31, 2021	
	Peso	USD	Peso	USD
Year-end	1	-	1	-
Average	1	-	2,181	-
High	2	-	8,307	-
Low	1	-	1	-

Non-trading activities

The Bank follows a prudent policy on managing its assets and liabilities to ensure that fluctuations in interest rates are kept within acceptable limits.

One method by which the Bank measures the sensitivity of its assets and liabilities to interest rate fluctuations is by way of "gap" analysis. This analysis provides the Bank with a static view of the maturity and repricing characteristics of the positions in its statement of condition. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or



anticipated repricing dates, whichever is earlier. 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. The difference in the amount of assets and liabilities maturing or being repriced in any time period category would then give the Bank an indication of the extent to which it is exposed to the risk of potential changes in net interest income.

The interest rate sensitivity gap report measures interest rate risk by identifying gaps between the repricing dates of assets and liabilities. The Bank's sensitivity gap model calculates the effect of possible rate movements on its interest rate profile.

EaR measures the possible decline in the Bank's 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 twelve (12) months. The Bank's EaR limits are based on a percentage of the Bank's projected earnings for the year or capital whichever is lower. The Bank also performs stress-testing to measure the impact of various scenarios based on interest rate volatility and shift in the yield curve. The EaR and stress testing reports are prepared on a monthly basis.

The ALCO is responsible for managing the Bank's structural interest rate exposure. The ALCO's goal is to achieve a desired overall interest rate profile while remaining flexible to interest rate movements and changes in economic conditions. The RMO and ROC review and oversee the Bank's interest rate risks.

The table below demonstrates the sensitivity of equity. Equity sensitivity was computed by calculating mark-to-market changes of debt securities at FVOCI, assuming a parallel shift in the yield curve.

	2022		2021	
	Change in basis points	Sensitivity of equity	Change in basis points	Sensitivity of equity
Currency				
PHP	+10	(P5,101,207)	+10	(P12,904,128)
USD	+10	-	+10	(789,005)
Currency				
PHP	-10	5,106,810	-10	10,445,196
USD	-10	-	-10	792,207

The table below demonstrates the sensitivity of net interest income using the EAR model. Net interest income sensitivity was computed by calculating the changes in the banking book gaps assuming a parallel shift in the yield curve.

	2022		2021	
	Change in basis points	Sensitivity of NII	Change in basis points	Sensitivity of NII
Currency				
PHP	+10	P9,228,360	+10	P9,071,574
USD	+10	(10,587,508)	+10	(10,037,171)
Currency				
PHP	-10	(9,228,360)	-10	(9,071,574)
USD	-10	10,587,508	-10	10,037,171

The Bank employs the Delta EVE model to measure the overall change in the economic value of the bank at one point. It reflects the changes in the net present value of its banking book at different interest rate shocks and stress scenarios. ΔEVE 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 prescribed by Basel, as well as scenarios internally developed by the Bank.



Foreign Currency Risk

Foreign currency risk is the risk of an investment's value changing due to an adverse movement in currency exchange rates. It arises due to a mismatch in the Bank's foreign currency assets and liabilities. The Bank uses BSP-approved Type 3 Derivative License for plain vanilla FX forwards to manage our FX risk against adverse exchange rate movements.

The Bank's policy is to maintain foreign currency exposure within the approved position, stop loss, loss trigger, VaR limits and to remain within existing regulatory guidelines. To compute for VaR, the Bank uses historical simulation model for USD/PHP FX position, with confidence level at 99.00% and a 1 day holding period. The Bank's VaR for its foreign exchange position for trading and non-trading activities are as follows (in thousands):

	2022¹	2021¹
As of year-end	₱1,669	₱447
Average	857	544
High	1,669	1,073
Low	263	9

¹Using METRISK Historical Simulation VaR

As of December 31, 2022 and 2021, the Bank is not exposed to significant foreign currency risk.

c. Liquidity risk

The Bank's policy on liquidity management emphasizes on three elements of liquidity, namely, cashflow management, ability to borrow in the interbank market, and maintenance of a stock of high-quality liquid assets. These three approaches complement one another with greater weight being given to a particular approach, depending upon the circumstances. The Bank's objective in liquidity management is to ensure that the Bank has sufficient liquidity to meet obligations under normal and adverse circumstances and is able to take advantage of lending and investment opportunities as they arise.

The main tool that the Bank uses for monitoring its liquidity is the Maximum Cumulative Outflow (MCO) reports, which is also called liquidity gap or maturity matching gap reports. The MCO is a useful tool in measuring and analyzing the Bank's cash flow projections and monitoring liquidity risks.

The MCO is generated by distributing the cash flows of the Bank's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns and projections on business strategies. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

Cash flows from assets are considered as cash inflows, while cash flows from liabilities are considered cash outflows. The net cash flows are determined for each given time period. If the inflows exceed the outflows, the Bank is said to have a positive liquidity gap or has excess funds for the given time bucket. Conversely, if the outflows exceed the inflows, the Bank is said to have a negative liquidity gap or has funding needs for the given time bucket.

The Bank's Liquidity Contingency Funding Plan (LCFP) projects the Bank's funding position during stress to help evaluate the Bank's funding needs and strategies under various stress conditions.

The Bank discourages dependence on Large Funds Providers (LFPs) and monitors the deposit funding concentrations so that it will not be vulnerable to a substantial drop in deposit level should there be an outflow of large deposits and there are enough high-quality liquid assets to fund LFP withdrawals. ALCO is responsible for managing the liquidity of the Bank while RMO and ROC review and oversee the Bank's overall liquidity risk management.



To mitigate potential liquidity problems caused by unexpected withdrawals of significant deposits, the Bank takes steps to cultivate good business relationships with clients and financial institutions, maintains high level of high-quality liquid assets, monitors the deposit funding concentrations and regularly updates the Liquidity Contingency Funding Plan. The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are managed on a daily basis to ensure compliance with the required regulatory ratios

Financial assets

Analysis of equity and debt securities at FVTPL and financial assets at FVOCI into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date and does not consider the behavioral pattern of the creditors. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Bank can be required to pay.

Analysis of Financial Assets and Liabilities by Remaining Maturities

The tables below show the maturity profile of the Bank's financial assets and liabilities based on contractual undiscounted repayment obligations (in millions):

	2022							Total
	On demand	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Total within 1 year	Beyond 1 year	
Financial Assets								
Financial assets at FVOCI								
Government securities	P-	P68,060	P-	P65	P60	P68,185	P1	P68,186
Private securities	-	-	-	-	-	-	1,650	1,650
Quoted equity securities	-	-	-	-	-	-	21	21
Investment securities at amortized cost								
Government bonds	-	684	584	242	398	1,908	28,875	30,783
Private securities	-	-	15	23	11	49	2,490	2,539
Loans and receivables								
Loans and advances to banks								
Due from BSP	6,320	31,233	-	-	-	37,553	-	37,553
Due from other banks	2,925	-	-	-	-	2,925	-	2,925
Interbank loans receivable and SPURA	-	2,651	-	-	-	2,651	-	2,651
Receivables from customers								
Consumption loans	244	826	1,811	2,950	7,033	12,864	76,775	89,639
Real estate loans	205	440	955	1,378	2,916	5,894	72,121	78,015
Commercial loans	513	604	694	357	745	2,913	5,288	8,201
Personal loans	314	112	263	328	910	1,927	1,016	2,943
Other receivables								
Accrued interest receivable	549	1,776	209	77	0	2,611	-	2,611
Accounts receivable	956	20	6	1	4	987	465	1,452
Sales contract receivable	4	-	2	0	0	6	5	11
Other assets								
Security deposits	-	1	2	2	9	14	177	191
RCOCI	12	-	-	-	-	12	-	12
Shortages	-	-	-	-	-	-	-	-
	P12,042	P106,407	P4,541	P5,423	P12,086	P140,499	P188,884	P329,383
Financial Liabilities								
Deposit liabilities								
Demand	P26,602	P-	P-	P-	P-	P26,602	P-	P26,602
Savings	46,933	-	-	-	-	46,933	-	46,933
Time	81	80,981	33,091	2,979	2,778	119,910	15,249	135,159
LTNCD	-	-	-	-	-	-	5,078	5,078
	73,616	80,981	33,091	2,979	2,778	193,445	20,327	213,772
Treasurer's, cashier's and manager's checks	1,014	-	-	-	-	1,014	-	1,014
Bills payable	1,186	-	-	-	-	1,186	-	1,186
Bonds payable	-	-	-	-	4,648	4,648	-	4,648
Accrued interest payable	-	-	473	-	33	506	-	506
Accrued other expenses payable	-	1,525	266	-	209	2,000	-	2,000
Other liabilities								
Accounts payable	2,087	-	-	-	-	2,087	-	2,087
Lease liabilities	-	34	66	99	195	394	929	1,323
Other credits	169	-	-	-	-	169	-	169
Deposit for keys	1	-	-	-	-	1	-	1
Payment order payable and overages	3	-	-	-	-	3	-	3
	P78,076	P82,540	P33,896	P3,078	P7,863	P205,453	P21,256	P226,709



	2021							Total
	On demand	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Total within 1 year	Beyond 1 year	
Financial Assets								
Financial assets at FVOCI								
Government securities	P-	P52,748	P1,086	P2,025	P95	P55,954	P2,624	P58,578
Private securities	-	-	17	10	50	77	2,042	2,119
Quoted equity securities	-	-	-	-	-	-	14	14
Investment securities at amortized cost								
Government bonds	-	181	142	406	970	1,699	21,884	23,583
Private securities	-	265	195	39	55	554	2,240	2,794
Loans and receivables								
Loans and advances to banks								
Due from BSP	6,524	45,919	-	-	-	52,443	-	52,443
Due from other banks	1,368	-	-	-	-	1,368	-	1,368
Interbank loans receivable and SPURA	-	4,533	-	-	-	4,533	-	4,533
Receivables from customers								
Consumption loans	284	813	1,767	3,014	7,852	13,730	69,438	83,168
Real estate loans	328	471	1,012	1,428	2,983	6,222	76,475	82,697
Commercial loans	633	552	910	293	858	3,246	6,126	9,372
Personal loans	1,443	122	274	352	959	3,150	1,118	4,268
Other receivables								
Accrued interest receivable	1,313	2,068	185	49	-	3,615	-	3,615
Accounts receivable	254	16	2	1	5	278	466	744
Sales contract receivable	4	-	-	-	1	5	13	18
Bills purchased	-	-	-	-	-	-	-	-
Other assets								
Security deposits	-	1	2	1	9	13	184	197
RCOCI	29	-	-	-	-	29	-	29
Overages	-	-	-	-	-	-	-	-
	P12,180	P107,689	P5,592	P7,618	P13,837	P146,916	P182,624	P329,540
Financial Liabilities								
Deposit liabilities								
Demand	P26,939	P-	P-	P-	P-	P26,939	P-	P26,939
Savings	45,320	-	-	-	-	45,320	-	45,320
Time	115	73,739	44,963	3,164	1,725	123,706	13,623	137,329
LTNCD	-	30	63	3,468	127	3,688	5,591	9,279
	72,374	73,769	45,026	6,632	1,852	199,653	19,214	218,867
Treasurer's, cashier's and manager's checks	594	-	-	-	-	594	-	594
Bills payable	-	-	-	-	-	-	-	-
Bonds payable	-	-	20	51	105	176	4,703	4,879
Accrued interest payable	-	29	142	-	33	204	-	204
Accrued other expenses payable	-	1,048	-	-	214	1,262	-	1,262
Other liabilities								
Accounts payable	1,502	-	-	-	-	1,502	-	1,502
Lease liabilities	-	36	72	106	205	419	1,066	1,485
Other credits	172	-	-	-	-	172	-	172
Bills purchased - contra	-	-	-	-	-	-	-	-
Deposit for keys	1	-	-	-	-	1	-	1
Payment order payable and overages	3	-	-	-	-	3	-	3
	P74,646	P74,882	P45,260	P6,789	P2,409	P203,986	P24,983	P228,969

6. Segment Information

The Bank's operating segments are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit that offers different products and serves different markets. The Bank's reportable segments are as follows:

- Consumer Banking - principally provides consumer-type loans generated by the Home Office;
- Corporate Banking - principally handles loans and other credit facilities for small and medium enterprises, corporate and institutional customers acquired in the Home Office;
- Branch Banking - serves as the Bank's main customer touch point which offers consumer and corporate banking products; and
- Treasury - principally handles institutional deposit accounts, providing money market, trading and treasury services, as well as managing the Bank's funding operations by use of government securities and placements and acceptances with other banks.

These segments are the bases on which the Bank reports its primary segment information. The Bank evaluates performance on the basis of information about the components of the Bank that senior management uses to make decisions about operating matters. There are no other operating segments than those identified by the Bank as reportable segments. There were no inter-segment revenues and expenses included in the financial information. The Bank has no single customer with revenues from which is 10.00% or more of the Bank's total revenue.



The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Primary segment information (by business segment) for the years ended December 31, 2022, 2021 and 2020 follows (in thousands):

	2022				Total
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	
Operating income					
Interest income	₱3,205,313	₱652,627	₱7,566,916	₱2,763,017	₱14,187,873
Service fees and commission	528,784	19,267	1,184,791	-	1,732,842
Other operating income	1,366,039	19,538	906,231	(3,620)	2,288,188
Total operating income	5,100,136	691,432	9,657,938	2,759,397	18,208,903
Non-cash expenses					
Provision for credit and impairment losses	1,042,765	137,470	144,753	(18,746)	1,306,242
Depreciation	164,989	2,605	587,289	1,070	755,953
Amortization of intangible assets	34,423	1,039	66,598	791	102,851
Total non-cash expenses	1,242,177	141,114	798,640	(16,885)	2,165,046
Interest expense	-	-	2,238,266	898,957	3,137,223
Service fees and commission expense	15,657	570	35,082	-	51,309
Subtotal	15,657	570	2,273,348	898,957	3,188,532
Compensation and fringe benefits	889,555	69,526	2,645,630	35,843	3,640,554
Taxes and licenses	337,659	17,170	571,952	686,145	1,612,926
Occupancy and equipment-related costs	99,112	801	244,215	440	344,568
Security, messengerial and janitorial services	117,030	2,305	293,133	543	413,011
Miscellaneous	637,139	19,885	1,302,183	171,514	2,130,721
Subtotal	2,080,495	109,687	5,057,113	894,485	8,141,780
Income before share in net income of a joint venture and income tax	₱1,761,807	₱440,061	₱1,528,837	₱982,840	₱4,713,545
Share in net income of a joint venture					83,418
Income before income tax					4,796,963
Provision for income tax					1,118,535
Net income					₱3,678,428
Segment assets	₱78,301,306	₱3,047,772	₱46,435,918	₱135,539,614	263,324,610
Investment in a joint venture					816,285
Deferred tax assets					280,114
Total assets					₱264,421,009
Segment liabilities	₱1,102,197	₱112,602	₱140,290,782	₱85,775,817	₱227,281,398

	2021				Total
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	
Operating income					
Interest income	₱4,945,286	₱228,312	₱6,918,669	₱2,272,502	₱14,364,769
Service fees and commission	534,492	22,250	1,024,385	-	1,581,127
Other operating income	666,560	10,004	739,371	6,276	1,422,211
Total operating income	6,146,338	260,566	8,682,425	2,278,778	17,368,107
Non-cash expenses					
Provision for credit and impairment losses	2,717,849	6,068	343,425	3,336	3,070,678
Depreciation	242,670	2,653	589,789	1,216	836,328
Amortization of intangible assets	39,934	1,381	71,182	1,152	113,649
Total non-cash expenses	3,000,453	10,102	1,004,396	5,704	4,020,655
Interest expense	-	-	1,395,499	764,509	2,160,008
Service fees and commission expense	16,164	673	30,980	-	47,817
Subtotal	16,164	673	1,426,479	764,509	2,207,825
Compensation and fringe benefits	868,325	61,280	2,577,514	38,216	3,545,335
Taxes and licenses	327,026	16,041	556,772	686,295	1,586,134
Occupancy and equipment-related costs	115,829	1,145	234,903	711	352,588
Security, messengerial and janitorial services	92,338	1,249	255,334	612	349,533
Miscellaneous	672,101	18,332	1,217,257	174,513	2,082,203
Subtotal	2,075,619	98,047	4,841,780	900,347	7,915,793
Income before share in net income of a joint venture and income tax	₱1,054,102	₱151,744	₱1,409,770	₱608,218	₱3,223,834
Share in net income of a joint venture					41,915
Income before income tax					3,265,749
Provision for income tax					(1,726,255)
Net income					₱1,539,494
Segment assets	₱80,895,520	₱3,765,463	₱42,419,696	₱133,385,718	260,466,397
Investment in a joint venture					762,926
Deferred tax assets					576,787
Total assets					₱261,806,110
Segment liabilities	₱811,147	₱94,530	₱141,071,696	₱84,934,660	₱226,912,033



	2020				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Operating income					
Interest income	₱5,590,536	₱338,152	₱9,506,438	₱1,882,779	₱17,317,905
Service fees and commission	491,090	26,410	790,710	–	1,308,210
Other operating income	(626,805)	2,529	509,880	1,673,561	1,559,165
Total operating income	5,454,821	367,091	10,807,028	3,556,340	20,185,280
Non-cash expenses					
Provision for credit and impairment losses	5,380,020	946	903,364	112,929	6,397,259
Depreciation	291,537	2,981	603,670	1,358	899,546
Amortization of intangible assets	46,810	1,620	78,217	1,490	128,137
Total non-cash expenses	5,718,367	5,547	1,585,251	115,777	7,424,942
Interest expense	–	–	2,305,181	1,259,771	3,564,952
Service fees and commission expense	19,080	1,026	30,720	–	50,826
Subtotal	19,080	1,026	2,335,901	1,259,771	3,615,778
Compensation and fringe benefits	919,959	66,207	2,608,604	40,853	3,635,623
Taxes and licenses	463,297	26,388	654,844	427,340	1,571,869
Occupancy and equipment-related costs	91,401	1,408	269,682	915	363,406
Security, messengerial and janitorial services	140,600	2,111	294,558	1,122	438,391
Miscellaneous	647,377	20,911	1,311,052	105,481	2,084,821
Subtotal	2,262,634	117,025	5,138,740	575,711	8,094,110
Income before share in net income of a joint venture and income tax	(₱2,545,260)	₱243,493	₱1,747,136	₱1,605,081	₱1,050,450
Share in net income of a joint venture					40,299
Income before income tax					1,090,749
Benefit from income tax					17,463
Net income					₱1,108,212
Segment assets	₱105,751,619	₱5,937,683	₱49,680,287	₱55,247,395	₱216,616,984
Investment in a joint venture					705,477
Deferred tax assets					2,091,141
Total assets					₱219,413,602
Segment liabilities	₱1,166,309	₱61,816	₱145,381,035	₱38,293,714	₱184,902,874

7. Due from Bangko Sentral ng Pilipinas, Interbank Loans Receivable and Securities Purchased Under Resale Agreements

Due from Bangko Sentral ng Pilipinas

This account consists of the following:

	2022	2021
Demand deposit (Note 16)	₱6,320,243,574	₱6,523,888,060
Term deposit facility	30,023,000,000	39,000,000,000
Overnight deposit facility	1,210,000,000	6,905,000,000
	37,553,243,574	52,428,888,060
Less allowance for impairment losses (Note 15)	–	(1,174,300)
	₱37,553,243,574	₱52,427,713,760

Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)

This account consists of the following:

	2022	2021
Interbank loans receivable	₱18,405,615	₱–
SPURA	2,651,203,416	4,532,877,908
	₱2,669,609,031	₱4,532,877,908

SPURA are lending to counterparties collateralized by government securities ranging from one to five days. As of December 31, 2022 and 2021, the fair values of government securities held as collateral amounted to ₱2.7 billion and ₱4.5 billion, respectively. The Bank is not permitted to sell or repledge the related collateral in the absence of default by the counterparty.

Interbank call loans (IBCL) represents short-term lending with counterparty banks and other financial institutions. These are highly liquid instruments which mature within one to eight days.



Interest income on Due from BSP, interbank loans receivable and SPURA are as follows:

	2022	2021	2020
Due from BSP	₱1,254,216,130	₱648,063,197	₱221,893,610
IBCL and SPURA			
IBCL (Note 29)	7,862,763	–	7,425,187
SPURA	187,915,814	70,592,184	77,631,132
	195,778,577	70,592,184	85,056,319
	₱1,449,994,707	₱718,655,381	₱306,949,929

SPURA of the Bank bears annual interest rates from 2.00% to 5.50% in 2022, 2.00% in 2021 and from 2.00% to 4.00% in 2020. Foreign currency-denominated IBCLs bear annual interest ranging from 0.32% to 4.33% in 2022, while peso-denominated IBCL of the Bank bear annual interest rate ranging from 2.41% to 3.91% in 2020.

8. Investment Securities

Fair Value Through Profit or Loss (FVTPL) Investments

FVTPL investments consist of the following:

	2022	2021
Government debt securities	₱35,875	₱44,701

The unrealized portion of the trading securities losses on FVTPL investments amounted to ₱0.01 million in 2022, 2021 and 2020, respectively.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets at FVOCI consist of the following:

	2022	2021
Debt securities		
Government	₱68,039,300,677	₱58,407,115,734
Private	1,600,771,597	1,845,811,190
Equity securities		
Quoted	20,643,608	13,577,424
	₱69,660,715,882	₱60,266,504,348

As of December 31, 2022 and 2021, the Bank deposited financial assets at FVOCI with total carrying value of ₱180.5 million and ₱128.4 million, respectively, in the form of government bonds with BSP, in compliance with trust regulations (Note 30). As of December 31, 2021, financial assets at FVOCI include Bureau of Treasury bonds pledged by the Bank to MBTC to secure its payroll account with the Bank, with total carrying value of ₱59.7 million.

As of December 31, 2022, and 2021, the ECL on financial assets at FVOCI (included in 'Fair value reserves on financial assets at FVOCI') amounted to ₱1.0 million and ₱1.3 million (Note 15), respectively. Movements in the fair value reserves on financial assets at FVOCI follow:

	2022	2021
Balance at beginning of year	₱2,409,890	₱13,058,180
Gain from sale of financial assets at FVOCI realized in profit or loss	(2,499,021)	(4,000,002)
Changes in allowance for ECL (Note 15)	(10,324,217)	6,384,862
Fair value gain recognized in OCI	(38,369,287)	(13,033,150)
Balance at end of year	(₱48,782,635)	₱2,409,890



Investment Securities at Amortized Cost

Investment securities at amortized cost consist of the following:

	2022	2021
Debt securities		
Government	₱27,932,285,174	₱18,516,211,290
Private	2,508,572,566	2,471,733,103
	30,440,857,740	20,987,944,393
Less allowance for credit losses (Note 15)	18,573,036	25,597,671
	₱30,422,284,704	₱20,962,346,722

As of December 31, 2022, investment securities at amortized cost include Bureau of Treasury bonds pledged by the Bank to MBTC to secure its payroll account with the Bank, with total carrying value of ₱60.1 million.

In 2021, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱378.7 million, resulting in gain on disposal of investment securities at amortized cost amounting to ₱1.7 million. The disposal in 2021 was assessed as not inconsistent with the Bank's HTC business model as the disposal was considered infrequent and insignificant in value. Further, the Bank assessed that the disposals did not reflect a change in the Bank's objectives for the HTC business model. Accordingly, the remaining investment securities in the affected HTC portfolio continue to be measured at amortized cost.

In 2020, the Bank sold investment securities classified as investment securities at amortized cost with total carrying amount of ₱19.6 billion, resulting in gain on disposal of investment securities at amortized cost totaling ₱1.3 billion. The sale was made as there were changes in the Bank's funding requirements given its assessment on the impact of a prolonged pandemic. In aggregate, the disposals in 2020 were assessed as not inconsistent with the Bank's HTC business model as the disposals were considered infrequent even if significant in value.

Interest income on investment securities consists of:

	2022	2021	2020
Interest income recognized using EIR			
Financial assets at FVOCI	₱1,590,417,662	₱940,474,154	₱344,157,041
Investment securities at amortized cost	983,839,251	545,545,008	954,314,757
	2,574,256,913	1,486,019,162	1,298,471,798
Interest income recognized using nominal interest rates			
FVTPL investments	2,152	11,272,985	45,039,478
	₱2,574,259,065	₱1,497,292,147	₱1,343,511,276

Peso-denominated financial assets at FVOCI investments bear nominal annual interest rates ranging from 2.38% to 8.13% in 2022, from 0.97% to 8.13% in 2021, and from 4.00% to 8.13% in 2020, while foreign currency-denominated FVOCI investments bear nominal annual interest rates of 5.88% in 2022, 2021 and 2020. EIR on financial assets at FVOCI investments as of December 31, 2022, 2021, and 2020, range from 2.00% to 6.00%, from 0.97% to 9.34%, and from 4.00% to 8.00%, respectively.

On the other hand, peso-denominated investment securities at amortized cost bear EIR ranging from 2.38% to 9.25% in 2022, from 2.38% to 6.90% in 2021, and from 4.82% to 6.88% in 2020, while foreign currency-denominated amortized cost investments bear EIR ranging from 3.00% to 9.50% in 2022, 2021 and 2020.



Trading and securities gains (losses) - net on investment securities consist of:

	2022	2021	2020
Financial assets at FVOCI	₱2,499,021	₱4,000,002	₱248,061,431
FVTPL investments (Note 29)	(43,835)	(1,266,526)	106,368,615
	₱2,455,186	₱2,733,476	₱354,430,046

9. Loans and Receivables

This account consists of:

	2022	2021
Receivables from customers		
Consumption loans	₱60,698,139,340	₱57,972,900,131
Real estate loans	42,188,099,978	45,408,001,767
Commercial loans	6,479,111,462	7,385,089,257
Personal loans (Note 29)	2,223,139,881	2,761,353,150
	111,588,490,661	113,527,344,305
Less unearned discounts and capitalized interest	(185,272,959)	(292,603,641)
	111,403,217,702	113,234,740,664
Other receivables		
Accrued interest receivable	2,610,954,731	3,615,211,724
Accounts receivable (Note 29)	1,452,343,060	744,079,396
Sales contract receivables	10,929,360	17,598,587
	115,477,444,853	117,611,630,371
Less allowance for credit losses (Note 15)	5,780,140,301	7,500,124,545
	₱109,697,304,552	₱110,111,505,826

Personal loans comprise deposit collateral loans, employee salary and consumer loan products such as money card, multi-purpose loan and flexi-loan.

As of December 31, 2022, 2021 and 2020, 40.09%, 42.38%, and 42.92%, respectively, of the total receivables from customers are subject to periodic interest repricing with average EIR of 8.14%, 7.74%, and 7.68% in 2022, 2021 and 2020, respectively. Remaining receivables earn average annual fixed interest rates of 15.95%, 15.91%, and 16.69%, in 2022, 2021 and 2020, respectively.

Interest income on loans and receivables consists of:

	2022	2021	2020
Receivables from customers			
Consumption loans	₱5,666,303,484	₱6,268,592,270	₱9,276,969,797
Real estate loans	3,462,009,203	3,882,390,733	4,122,505,005
Personal loans (Note 29)	585,515,967	1,329,347,250	1,356,660,047
Commercial loans	445,022,995	665,758,611	905,767,767
Other receivables			
Sales contract receivables	666,388	2,685,306	4,363,171
	₱10,159,518,037	₱12,148,774,170	₱15,666,265,787

Interest income from restructured loans amounted to ₱5.9 million, ₱5.0 million, and ₱7.1 million in 2022, 2021, and 2020, respectively.



On March 25, 2020, Republic Act (RA) No. 11469, otherwise known as the Bayanihan to Heal as One Act (“Bayanihan 1 Act”) was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, RA No. 11494, otherwise known as the Bayanihan to Recover as One Act (“Bayanihan 2 Act”), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest, and other charges.

In 2020, total modification loss recognized in the statement of income under ‘Miscellaneous income’ amounted to ₱508.8 million (Note 23). Subsequent accretion of modified loans amounted to ₱107.0 million, ₱134.6 million and ₱82.2 million in 2022, 2021 and 2020, respectively (Note 23).

10. Investment in a Joint Venture

The Bank’s investment in a joint venture represents its 30.00% interest in Sumisho Motor Finance Corporation (SMFC) as of December 31, 2022 and 2021.

SMFC was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 26, 2009 and started commercial operations in March 2010. Its principal office is located at 12th Floor, PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City.

SMFC is engaged in the business of lending or leasing to retail customers for their purchase of motorcycles.

Management has assessed that the Bank continues to have joint control over SMFC together with GT Capital, Sumitomo Japan, and Sumitomo Corporation of the Philippines (Sumitomo Group), as all investors are bound by all terms and conditions of the original Joint Venture Agreement between the Bank and Sumitomo Group, where unanimous consent is required from all the parties for SMFC’s relevant activities.

The investment is measured using the equity method. As of December 31, 2022, and 2021, the Bank’s investment in a joint venture amounted to ₱816.3 million and ₱762.9 million, respectively.

Movement in this account follows (in thousands):

	2022	2021
Balance at beginning of year	₱762,926	₱705,477
Share in net income (Note 29)	83,418	41,915
Share in remeasurement gains on retirement plan (Note 29)	-	4,162
Share in hedge reserves (Note 29)	-	22,953
Dividends received	(30,059)	(11,581)
Balance at end of year	₱816,285	₱762,926

The following table illustrates the summarized financial information of SMFC (in thousands):

	2022	2021
Current assets	₱6,422,841	₱6,049,856
Non-current assets	373,076	473,784
Current liabilities	(3,968,926)	(3,920,528)
Non-current liabilities	(106,041)	(60,025)
Net assets	₱2,720,950	₱2,543,087



	2022	2021	2020
Revenues	₱1,548,564	₱1,962,096	₱1,955,338
Costs and expenses	1,159,711	1,588,374	1,732,393
	388,853	373,722	222,945
Provision for income tax	110,792	234,006	88,614
Net income	278,061	139,716	134,331
Other comprehensive income	33,212	90,384	(124,414)
Total comprehensive income	₱311,273	₱230,100	₱9,917

Cost of the investment as of December 31, 2022 and 2021 amounted to ₱600.0 million.

On June 24, 2022, SMFC declared dividends of ₱5.01 per share amounting to a total of ₱100.2 million. The same was paid to shareholders on July 20, 2022.

On June 25, 2021, SMFC declared dividends of ₱1.93 per share amounting to a total of ₱38.6 million. The same was paid to shareholders on July 15, 2021.

SMFC is a private company and there is no quoted market price available for its shares. The net assets of SMFC consist mainly of financial assets and financial liabilities.

The Bank has no share in any contingent liabilities or capital commitments of SMFC as of December 31, 2022 and 2021. There are also no agreements entered into by SMFC that may restrict dividends and other capital contributions to be paid, loans and advances to be made or repaid to or from the Bank as of the said dates.

11. Property and Equipment

The composition of and movements in this account follow:

	2022					Total
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	
Cost						
Balance at beginning of the period	₱976,443,676	₱1,153,733,962	₱2,950,915,849	₱1,071,161,902	₱1,805,984,812	₱7,958,240,201
Acquisitions/Additions	-	1,570,650	300,248,803	31,019,624	523,368,707	856,207,784
Disposals/Retirement	-	-	(115,822,120)	(288,016)	(328,310,151)	(444,420,287)
Balance at end of the period	976,443,676	1,155,304,612	3,135,342,532	1,101,893,510	2,001,043,368	8,370,027,698
Accumulated Depreciation						
Balance at beginning of the period	-	562,531,286	2,685,875,690	1,013,331,430	758,045,946	5,019,784,352
Depreciation	-	35,981,968	116,044,932	28,884,426	399,626,555	580,537,881
Disposals	-	-	(86,219,566)	(288,015)	(270,510,081)	(357,017,662)
Balance at end of the period	-	598,513,254	2,715,701,056	1,041,927,841	887,162,420	5,243,304,571
Net Book Value	₱976,443,676	₱556,791,358	₱419,641,476	₱59,965,669	₱1,113,880,948	₱3,126,723,127

	2021					Total
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	
Cost						
Balance at beginning of the period	₱976,443,676	₱1,140,698,130	₱2,900,936,102	₱1,059,719,128	₱1,711,018,243	₱7,788,815,279
Acquisitions/Additions	-	13,035,832	93,579,310	11,442,774	330,419,191	448,477,107
Disposals/Retirement	-	-	(43,599,563)	-	(235,452,622)	(279,052,185)
Balance at end of the period	976,443,676	1,153,733,962	2,950,915,849	1,071,161,902	1,805,984,812	7,958,240,201
Accumulated Depreciation						
Balance at beginning of the period	-	526,450,270	2,604,818,362	965,787,480	601,944,585	4,699,000,697
Depreciation	-	36,081,016	98,213,002	47,543,950	391,553,983	573,391,951
Disposals	-	-	(17,155,674)	-	(235,452,622)	(252,608,296)
Balance at end of the period	-	562,531,286	2,685,875,690	1,013,331,430	758,045,946	5,019,784,352
Net Book Value	₱976,443,676	₱591,202,676	₱265,040,159	₱57,830,472	₱1,047,938,866	₱2,938,455,849



Gain on sale of property and equipment amounted to ₱12.1 million in 2022, ₱2.0 million in 2021 and 2020.

The details of depreciation under the statements of income follow:

	2022	2021	2020
Property and equipment	₱580,537,882	₱573,391,951	₱585,417,407
Chattel mortgage properties (Note 14)	83,084,760	180,862,587	229,409,304
Investment properties (Note 12)	92,330,079	82,073,041	84,719,089
	₱755,952,721	₱836,327,579	₱899,545,800

As of December 31, 2022 and 2021, property and equipment of the Bank with gross carrying amounts of ₱2.5 billion and ₱2.3 billion, respectively, are fully depreciated but are still being used.

12. Investment Properties

The composition of and movements in this account follow:

	2022		
	Land	Building Improvements	Total
Cost			
Balance at beginning of year	₱1,320,449,533	₱2,794,942,497	₱4,115,392,030
Additions (Note 32)	294,903,221	1,143,279,296	1,438,182,517
Disposals	(242,696,242)	(593,170,960)	(835,867,202)
Balance at end of year	1,372,656,512	3,345,050,833	4,717,707,345
Accumulated Depreciation			
Balance at beginning of year	–	451,937,538	451,937,538
Depreciation (Note 11)	–	92,330,079	92,330,079
Disposals	–	(84,538,249)	(84,538,249)
Balance at end of year	–	459,729,368	459,729,368
Allowance for Impairment Losses			
Balance at beginning of year	66,586,922	88,269,464	154,856,386
Provisions (reversals) for the year (Note 15)	(7,684,815)	111,666,863	103,982,048
Disposals	(1,344,334)	(30,987,188)	(32,331,522)
Balance at end of year	57,557,773	168,949,139	226,506,912
Net Book Value	₱1,315,098,739	₱2,716,372,326	₱4,031,471,065
	2021		
	Land	Building Improvements	Total
Cost			
Balance at beginning of year	₱1,407,346,392	₱2,786,847,106	₱4,194,193,498
Additions (Note 32)	199,981,983	503,248,679	703,230,662
Disposals	(286,878,842)	(495,153,288)	(782,032,130)
Balance at end of year	1,320,449,533	2,794,942,497	4,115,392,030
Accumulated Depreciation			
Balance at beginning of year	–	456,211,206	456,211,206
Depreciation (Note 11)	–	82,073,041	82,073,041
Disposals	–	(86,346,709)	(86,346,709)
Balance at end of year	–	451,937,538	451,937,538
Allowance for Impairment Losses			
Balance at beginning of year	62,338,981	89,671,355	152,010,336
Provisions for the year (Note 15)	8,047,128	18,803,525	26,850,653
Disposals	(3,799,187)	(20,205,416)	(24,004,603)
Balance at end of year	66,586,922	88,269,464	154,856,386
Net Book Value	₱1,253,862,611	₱2,254,735,495	₱3,508,598,106



The details of the net book value of investment properties follow:

	2022	2021
Real estate properties acquired in settlement of loans and receivables	₱3,952,646,383	₱3,425,944,999
Bank premises leased to third parties and held for capital appreciation	78,824,682	82,653,107
	₱4,031,471,065	₱3,508,598,106

As of December 31, 2022 and 2021, the aggregate fair value of investment properties amounted to ₱6.5 billion and ₱5.7 billion, respectively. Fair value of the properties was determined using sales comparison approach. Fair values are based on valuations performed by accredited external and in-house appraisers.

Gain on foreclosure of investment properties amounted to ₱597.5 million, ₱256.5 million, and ₱182.3 million in 2022, 2021 and 2020, respectively. Gain on sale of investment properties amounted to ₱204.3 million, ₱314.8 million, and ₱144.6 million in 2022, 2021 and 2020, respectively. Rental income on investment properties included in 'Miscellaneous income' amounted to ₱44.1 million, ₱42.4 million, and ₱45.5 million in 2022, 2021 and 2020, respectively (Notes 23 and 25).

Operating expenses incurred in maintaining investment properties (included under miscellaneous expense - 'Repairs and maintenance') amounted to ₱11.1 million, ₱13.0 million, and ₱16.2 million in 2022, 2021 and 2020, respectively (Note 26).

13. Intangible Assets and Goodwill

This account consists of:

	2022	2021
Goodwill	₱53,558,338	₱53,558,338
Intangible assets		
Software costs	243,208,824	270,511,009
Branch licenses	37,123,737	37,123,737
	280,332,561	307,634,746
	₱333,890,899	₱361,193,084

Movements in intangible assets follow:

	2022		
	Software Costs	Branch Licenses	Total
Balance at beginning of year	₱270,511,009	₱37,123,737	₱307,634,746
Additions	91,890,148	-	91,890,148
Retirement and others (Note 32)	(16,341,618)	-	(16,341,618)
Amortization	(102,850,715)	-	(102,850,715)
Balance at end of year	₱243,208,824	₱37,123,737	₱280,332,561

	2021		
	Software Costs	Branch Licenses	Total
Balance at beginning of year	₱350,461,044	₱37,123,737	₱387,584,781
Additions	36,373,688	-	36,373,688
Retirement and others (Note 32)	(2,674,559)	-	(2,674,559)
Amortization	(113,649,164)	-	(113,649,164)
Balance at end of year	₱270,511,009	₱37,123,737	₱307,634,746



14. Other Assets

This account consists of:

	2022	2021
Financial assets		
Security deposits (Note 29)	₱190,888,081	₱197,493,711
RCOCI	12,023,475	29,022,534
Others*	438,414	495,848
	203,349,970	227,012,093
Non-financial assets		
Chattel mortgage properties - net	335,317,543	408,519,774
Net retirement assets (Note 24)	203,410,383	241,839,962
Prepayments (Note 29)	129,455,531	184,838,487
Documentary stamps on hand	28,565,091	79,073,890
Stationeries and supplies on hand	37,852,452	35,947,368
Creditable withholding tax	50,161,181	11,569,285
Others**	6,665	95,963
	784,768,846	961,884,729
	₱988,118,816	₱1,188,896,822

* Others under financial assets comprise petty cash fund, shortages, and other investments

** Others under non-financial assets comprise inter-office float items, sundry debits, deferred charges, postages stamps.

Prepayments represent prepaid insurance, rent, taxes, and other prepaid expenses.

Creditable withholding tax (CWT) pertains to the excess credits after applying CWT against income tax payable.

Movements in chattel mortgage properties - net follow:

	2022	2021
Cost		
Balance at beginning of year	₱494,437,996	₱1,341,317,735
Additions (Note 32)	1,978,930,122	3,866,091,965
Disposals	(2,055,968,006)	(4,712,971,704)
Balance at the end of year	417,400,112	494,437,996
Accumulated Depreciation		
Balance at beginning of year	85,868,482	124,392,059
Depreciation (Note 11)	83,084,760	180,862,587
Disposals	(86,890,287)	(219,386,164)
Balance at the end of year	82,062,955	85,868,482
Allowance for Impairment Losses		
Balance at beginning of year	49,740	947,753
Provision (Note 15)	376,044	3,224,190
Disposals	(406,170)	(4,122,203)
Balance at end of year	19,614	49,740
Net Book Value	₱335,317,543	₱408,519,774

Gain (loss) on foreclosure of chattel mortgage properties amounted to ₱595.4 million, ₱479.4 million, and (₱116.1 million) in 2022, 2021 and 2020, respectively.

Gain (loss) on sale of chattel mortgage properties amounted to ₱104.8 million, (₱337.2 million), and (₱342.7 million) in 2022, 2021 and 2020, respectively.



15. Allowance for Credit and Impairment Losses

An analysis of changes in the ECL allowances for loans and advances to banks as of December 31, 2022 and 2021 follows (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Due from BSP							
Balance as of January 1, 2022	₱1,174	₱-	₱-	₱-	₱-	₱-	₱1,174
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	(1,174)	-	-	-	-	-	(1,174)
Balance at December 31, 2022	-	-	-	-	-	-	-
Due from other banks							
Balance at January 1, 2022	1,099	-	-	-	-	-	1,099
New assets originated or purchased	13,572	-	-	-	-	-	13,572
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2022	14,671	-	-	-	-	-	14,671
Interbank loans receivable							
Balance at January 1, 2022	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2022	-	-	-	-	-	-	-
Total loans and advances to banks							
Balance at January 1, 2022	2,273	-	-	-	-	-	2,273
New assets originated or purchased	13,572	-	-	-	-	-	13,572
Assets derecognized or repaid	(1,174)	-	-	-	-	-	(1,174)
Balance at December 31, 2022	₱14,671	₱-	₱-	₱-	₱-	₱-	₱14,671

	2021						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Due from BSP							
Balance as of January 1, 2021	₱989	₱-	₱-	₱-	₱-	₱-	₱989
New assets originated or purchased	185	-	-	-	-	-	185
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2021	1,174	-	-	-	-	-	1,174
Due from other banks							
Balance at January 1, 2021	113,972	-	-	-	-	-	113,972
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	(112,873)	-	-	-	-	-	(112,873)
Balance at December 31, 2021	1,099	-	-	-	-	-	1,099
Interbank loans receivable							
Balance at January 1, 2021	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2021	-	-	-	-	-	-	-
Total loans and advances to banks							
Balance at January 1, 2021	114,961	-	-	-	-	-	114,961
New assets originated or purchased	185	-	-	-	-	-	185
Assets derecognized or repaid	(112,873)	-	-	-	-	-	(112,873)
Balance at December 31, 2021	₱2,273	₱-	₱-	₱-	₱-	₱-	₱2,273

An analysis of changes in the ECL allowances for investment securities as of December 31, 2022 and 2021 follows (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Financial assets at FVOCI							
Balance at January 1, 2022	₱11,278	₱-	₱-	₱-	₱-	₱-	₱11,278
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	(10,324)	-	-	-	-	-	(10,324)
Balance at December 31, 2022	954	-	-	-	-	-	954
Investment at amortized cost							
Balance at January 1, 2022	25,598	-	-	-	-	-	25,598
New assets originated or purchased	14,322	-	-	-	-	-	14,322
Assets derecognized or repaid	(21,347)	-	-	-	-	-	(21,347)
Balance at December 31, 2022	18,573	-	-	-	-	-	18,573
Total investment securities							
Balance at January 1, 2022	36,876	-	-	-	-	-	36,876
New assets originated or purchased	14,322	-	-	-	-	-	14,322
Assets derecognized or repaid	(31,671)	-	-	-	-	-	(31,671)
Balance at December 31, 2022	₱19,527	₱-	₱-	₱-	₱-	₱-	₱19,527



	2021						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Financial assets at FVOCI							
Balance at January 1, 2021	₱4,893	₱-	₱-	₱-	₱-	₱-	₱4,893
New assets originated or purchased	8,429	-	-	-	-	-	8,429
Assets derecognized or repaid	(2,044)	-	-	-	-	-	(2,044)
Balance at December 31, 2021	11,278	-	-	-	-	-	11,278
Investment at amortized cost							
Balance at January 1, 2021	22,447	-	-	-	-	-	22,447
New assets originated or purchased	3,819	-	-	-	-	-	3,819
Assets derecognized or repaid	(668)	-	-	-	-	-	(668)
Balance at December 31, 2021	25,598	-	-	-	-	-	25,598
Total investment securities							
Balance at January 1, 2021	27,340	-	-	-	-	-	27,340
New assets originated or purchased	12,248	-	-	-	-	-	12,248
Assets derecognized or repaid	(2,712)	-	-	-	-	-	(2,712)
Balance at December 31, 2021	₱36,876	₱-	₱-	₱-	₱-	₱-	₱36,876

An analysis of changes in the ECL allowances for receivables from customers as of December 31, 2022 and 2021 follows (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance at January 1, 2022	₱-	₱1,141,409	₱-	₱1,154,661	₱1,675,006	₱-	₱3,971,076
New assets originated or purchased	-	1,241,271	-	53,407	54,053	-	1,348,731
Assets derecognized or repaid	-	(132,694)	-	(294,409)	(486,387)	-	(913,490)
Amounts written off	-	-	-	-	(616,950)	-	(616,950)
Transfers to Stage 1	-	341,274	-	(279,641)	(61,633)	-	-
Transfers to Stage 2	-	(123,772)	-	215,989	(92,217)	-	-
Transfers to Stage 3	-	(18,785)	-	(122,702)	141,487	-	-
Impact on change in assumptions	-	(741,957)	-	(157,700)	325,516	-	(574,141)
Balance at December 31, 2022	-	1,706,746	-	569,605	938,875	-	3,215,226
Real Estate Loans							
Balance at January 1, 2022	-	75,080	-	291,816	276,789	-	643,685
New assets originated or purchased	-	57,708	-	4,625	3,208	-	65,541
Assets derecognized or repaid	-	(5,199)	-	(28,481)	(101,738)	-	(135,418)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	54,264	-	(47,664)	(6,600)	-	-
Transfers to Stage 2	-	(35,379)	-	108,164	(72,785)	-	-
Transfers to Stage 3	-	(754)	-	(29,158)	29,912	-	-
Impact on change in assumptions	-	101,268	-	248,218	183,175	-	532,661
Balance at December 31, 2022	-	246,988	-	547,520	311,961	-	1,106,469
Commercial Loans							
Balance at January 1, 2022	-	222,225	-	23,966	257,972	-	504,163
New assets originated or purchased	-	25,131	-	995	150	-	26,276
Assets derecognized or repaid	-	(59,800)	-	(2,204)	(61,598)	-	(123,602)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	9,116	-	(6,044)	(3,072)	-	-
Transfers to Stage 2	-	(1,141)	-	14,409	(13,268)	-	-
Transfers to Stage 3	-	(41)	-	(1,625)	1,666	-	-
Impact on change in assumptions	-	(139,619)	-	5,711	(5,097)	-	(139,005)
Balance at December 31, 2022	-	55,871	-	35,208	176,753	-	267,832
Personal Loans							
Balance at January 1, 2022	-	15,644	-	408,105	683,244	-	1,106,993
New assets originated or purchased	-	58,712	-	60,721	9,111	-	128,544
Assets derecognized or repaid	-	(3,778)	-	(80,077)	(51,181)	-	(135,036)
Amounts written off	-	-	-	-	(450,694)	-	(450,694)
Transfers to Stage 1	-	98,205	-	(97,289)	(916)	-	-
Transfers to Stage 2	-	(4,155)	-	8,348	(4,193)	-	-
Transfers to Stage 3	-	(103)	-	(40,300)	40,403	-	-
Impact on change in assumptions	-	(57,444)	-	(2,945)	(11,592)	-	(71,981)
Balance at December 31, 2022	-	107,081	-	256,563	214,182	-	577,826
Total Receivables from Customers							
Balance at January 1, 2022	-	1,454,358	-	1,878,548	2,893,011	-	6,225,917
New assets originated or purchased	-	1,382,822	-	119,748	66,522	-	1,569,092
Assets derecognized or repaid	-	(201,471)	-	(405,171)	(700,904)	-	(1,307,546)
Amounts written off	-	-	-	-	(1,067,644)	-	(1,067,644)
Transfers to Stage 1	-	502,859	-	(430,638)	(72,221)	-	-
Transfers to Stage 2	-	(164,447)	-	346,910	(182,463)	-	-
Transfers to Stage 3	-	(19,683)	-	(193,785)	213,468	-	-
Impact on change in assumptions	-	(837,752)	-	93,284	492,002	-	(252,466)
Balance at December 31, 2022	₱-	₱2,116,686	₱-	₱1,408,896	₱1,641,771	₱-	₱5,167,353



	2021						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance at January 1, 2021	₱-	₱1,923,264	₱-	₱1,171,207	₱602,549	₱-	₱3,697,020
New assets originated or purchased	-	224,114	-	8,611	8,576	-	241,301
Assets derecognized or repaid	-	(146,079)	-	(409,508)	(132,439)	-	(688,026)
Amounts written off	-	-	-	-	(412,520)	-	(412,520)
Transfers to Stage 1	-	345,483	-	(319,070)	(26,413)	-	-
Transfers to Stage 2	-	(305,630)	-	371,371	(65,741)	-	-
Transfers to Stage 3	-	(45,054)	-	(108,212)	153,266	-	-
Impact on change in assumptions	-	(854,689)	-	440,262	1,547,728	-	1,133,301
Balance at December 31, 2021	-	1,141,409	-	1,154,661	1,675,006	-	3,971,076
Real Estate Loans							
Balance at January 1, 2021	-	189,749	-	455,704	367,647	-	1,013,100
New assets originated or purchased	-	361,462	-	97,571	47,573	-	506,606
Assets derecognized or repaid	-	(363,788)	-	(127,334)	(105,659)	-	(596,781)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	227,827	-	(195,577)	(32,250)	-	-
Transfers to Stage 2	-	(16,761)	-	72,812	(56,051)	-	-
Transfers to Stage 3	-	(3,441)	-	(41,459)	44,900	-	-
Impact on change in assumptions	-	(319,968)	-	30,099	10,629	-	(279,240)
Balance at December 31, 2021	-	75,080	-	291,816	276,789	-	643,685
Commercial Loans							
Balance at January 1, 2021	-	211,579	-	151,603	330,729	-	693,911
New assets originated or purchased	-	49,386	-	4,496	46	-	53,928
Assets derecognized or repaid	-	(93,529)	-	(63,409)	(140,426)	-	(297,364)
Amounts written off	-	-	-	-	(6,702)	-	(6,702)
Transfers to Stage 1	-	22,696	-	(6,377)	(16,319)	-	-
Transfers to Stage 2	-	(9,256)	-	18,879	(9,623)	-	-
Transfers to Stage 3	-	(43,056)	-	(51,198)	94,254	-	-
Impact on change in assumptions	-	84,405	-	(30,028)	6,013	-	60,390
Balance at December 31, 2021	-	222,225	-	23,966	257,972	-	504,163
Personal Loans							
Balance at January 1, 2021	-	10,466	-	239,199	490,604	-	740,269
New assets originated or purchased	-	3,134	-	140,490	21,790	-	165,414
Assets derecognized or repaid	-	(1,371)	-	8,193	(31,412)	-	(24,590)
Amounts written off	-	-	-	-	(115,398)	-	(115,398)
Transfers to Stage 1	-	15,613	-	(15,129)	(484)	-	-
Transfers to Stage 2	-	(3,146)	-	4,410	(1,264)	-	-
Transfers to Stage 3	-	(452)	-	(56,598)	57,050	-	-
Impact on change in assumptions	-	(8,600)	-	87,540	262,358	-	341,298
Balance at December 31, 2021	-	15,644	-	408,105	683,244	-	1,106,993
Total Receivables from Customers							
Balance at January 1, 2021	-	2,335,058	-	2,017,713	1,791,529	-	6,144,300
New assets originated or purchased	-	638,096	-	251,168	77,985	-	967,249
Assets derecognized or repaid	-	(604,767)	-	(592,058)	(409,936)	-	(1,606,761)
Amounts written off	-	-	-	-	(534,620)	-	(534,620)
Transfers to Stage 1	-	611,619	-	(536,153)	(75,466)	-	-
Transfers to Stage 2	-	(334,793)	-	467,472	(132,679)	-	-
Transfers to Stage 3	-	(92,003)	-	(257,467)	349,470	-	-
Impact on change in assumptions	-	(1,098,852)	-	527,873	1,826,728	-	1,255,749
Balance at December 31, 2021	₱-	₱1,454,358	₱-	₱1,878,548	₱2,893,011	₱-	₱6,225,917

An analysis of changes in the ECL allowances for other receivables as of December 31, 2022 and 2021 follows (in thousands):

	2022						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2022	₱-	₱10,935	₱-	₱21,796	₱708,635	₱-	₱741,366
New assets originated or purchased	-	11,597	-	1,630	1,857	-	15,084
Assets derecognized or repaid	-	(1,280)	-	(6,065)	(699,190)	-	(706,535)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	4,409	-	(4,044)	(365)	-	-
Transfers to Stage 2	-	(1,148)	-	2,032	(884)	-	-
Transfers to Stage 3	-	(142)	-	(1,962)	2,104	-	-
Impact on change in assumptions	-	(6,188)	-	5,439	13,577	-	12,828
Balance at December 31, 2022	-	18,183	-	18,826	25,734	-	62,743
Sales Contract Receivable							
Balance as of January 1, 2022	-	1	-	80	216	-	297
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	-	-	-	(73)	-	-	(73)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	29	-	-	(29)	-	-

(Forward)



	2022						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Transfers to Stage 2	₱-	₱-	₱-	₱11	(₱11)	₱-	₱-
Transfers to Stage 3	-	-	-	-	-	-	-
Impact on change in assumptions	-	(29)	-	(7)	(4)	-	(40)
Balance at December 31, 2022	-	1	-	11	172	-	184
Total Other Receivables							
Balance as of January 1, 2022	-	10,936	-	21,876	708,851	-	741,663
New assets originated or purchased	-	11,597	-	1,630	1,857	-	15,084
Assets derecognized or repaid	-	(1,280)	-	(6,138)	(699,190)	-	(706,608)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	4,438	-	(4,044)	(394)	-	-
Transfers to Stage 2	-	(1,148)	-	2,043	(895)	-	-
Transfers to Stage 3	-	(142)	-	(1,962)	2,104	-	-
Impact on change in assumptions	-	(6,217)	-	5,432	13,573	-	12,788
Balance at December 31, 2022	₱-	18,184	₱-	18,837	25,906	₱-	₱62,927

	2021						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2021	₱-	₱45,270	₱-	₱12,126	₱734,433	₱-	₱791,829
New assets originated or purchased	-	1,587	-	1,599	439	-	3,625
Assets derecognized or repaid	-	(17,317)	-	(2,356)	(71,356)	-	(91,029)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	3,087	-	(2,786)	(301)	-	-
Transfers to Stage 2	-	(5,726)	-	6,487	(761)	-	-
Transfers to Stage 3	-	(12,795)	-	(1,468)	14,263	-	-
Impact on change in assumptions	-	(3,171)	-	8,194	31,918	-	36,941
Balance at December 31, 2021	-	10,935	-	21,796	708,635	-	741,366
Sales Contract Receivable							
Balance as of January 1, 2021	-	1	-	-	454	-	455
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	-	-	-	-	(57)	-	(57)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	44	-	-	(44)	-	-
Transfers to Stage 2	-	-	-	121	(121)	-	-
Transfers to Stage 3	-	-	-	-	-	-	-
Impact on change in assumptions	-	(44)	-	(41)	(16)	-	(101)
Balance at December 31, 2021	-	1	-	80	216	-	297
Total Other Receivables							
Balance as of January 1, 2021	-	45,271	-	12,126	734,887	-	792,284
New assets originated or purchased	-	1,587	-	1,599	439	-	3,625
Assets derecognized or repaid	-	(17,317)	-	(2,356)	(71,413)	-	(91,086)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	3,131	-	(2,786)	(345)	-	-
Transfers to Stage 2	-	(5,726)	-	6,608	(882)	-	-
Transfers to Stage 3	-	(12,795)	-	(1,468)	14,263	-	-
Impact on change in assumptions	-	(3,215)	-	8,153	31,902	-	36,840
Balance at December 31, 2021	₱-	₱10,936	₱-	₱21,876	₱708,851	₱-	₱741,663

The ECL allowance on accounts receivables of the Bank based on their aging as of December 31, 2022 and 2021 follows:

Age of accounts receivables	2022	2021
Up to 1 month	₱54,242,512	₱22,003,247
> 1 to 2 months	1,156,531	8,487,475
> 2 to 3 months	4,794,464	662,347
More than 3 months	489,667,213	501,391,945
	₱549,860,720	₱532,545,014

As of December 31, 2022 and 2021, the Bank's undrawn portion of committed credit lines amounted to ₱3.3 billion and ₱3.6 billion, respectively. As of December 31, 2022 and 2021, provision on undrawn portion of committed credit lines amounted to ₱208.3 million and ₱108.1 million, respectively (Note 19).



The details of provisions (reversals) under the statements of income follow:

	2022	2021
Loans and receivables (Note 9)	₱1,206,835,408	₱3,143,756,202
Investment properties (Note 12)	103,982,048	26,850,653
Investment securities	(17,348,853)	9,535,181
Due from other banks	13,572,088	(112,873,568)
Due from BSP	(1,174,300)	185,566
Chattel mortgage (Note 14)	376,045	3,224,190
	₱1,306,242,436	₱3,070,678,224

16. Deposit Liabilities

Interest expense on deposit liabilities consists of:

	2022	2021	2020
Time (Note 29)	₱2,416,715,820	₱1,142,132,528	₱2,136,446,710
LTNCD	295,891,550	393,609,027	393,944,665
Demand (Note 29)	54,394,093	55,002,193	150,040,647
Savings	44,392,032	46,490,171	91,174,935
	₱2,811,393,495	₱1,637,233,919	₱2,771,606,957

Peso-denominated deposit liabilities earn annual fixed interest rates ranging from 0.10% to 6.00% in 2022 and 2021, and from 0.25% to 6.00% in 2020, while foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.05% to 0.25% in 2022, from 0.05% to 0.38% in 2021, and from 0.18% to 2.00% in 2020. Effective interest rates on deposit liabilities range from 0.10% to 3.94% in 2022, from 0.10% to 3.95% in 2021, and from 0.24% to 3.60% in 2020.

In 2020, the Bangko Sentral ng Pilipinas issued BSP Circular No. 1092 reducing the reserve requirements against deposit and deposit liabilities to 3.00% from 7.00%. As of December 31, 2022 and 2021, Due from BSP amounting to ₱6.3 billion and ₱6.5 billion, respectively, was set aside as reserves for deposit liabilities. As reported to the BSP, the Bank is in compliance with such regulations as of December 31, 2022 and 2021.

On December 8, 2016, the BSP authorized the Bank to issue LTNCDs up to ₱10.0 billion through one or multiple tranches over a period of one year. On January 30, 2017, the Bank issued the first tranche of LTNCDs amounting to ₱3.4 billion with a tenor of five (5) years and three (3) months and due on April 30, 2022 with interest rate of 3.50% per annum payable quarterly. The minimum investment size for the LTNCDs is ₱50,000 with increments of ₱50,000 thereafter. Subject to BSP Rules, the Bank has the option to pre-terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.

On July 13, 2018, the BSP authorized the Bank to issue LTNCDs up to ₱15.0 billion through one or multiple tranches over a period of one year. On August 9, 2018, the Bank issued the first tranche of LTNCDs amounting to ₱5.1 billion with a tenor of five (5) years and six (6) months and due on February 9, 2024 with interest rate of 5.00% per annum payable quarterly. The minimum investment size for the LTNCDs is ₱50,000 with increments of ₱50,000 thereafter. Subject to BSP Rules, the Bank has the option to pre-terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.

As of December 31, 2022 and 2021, deferred financing cost on LTNCDs amounted to ₱6.9 million and ₱18.0 million, respectively. Amortization of deferred financing cost amounted to ₱9.8 million in 2022, and ₱16.1 million in 2021.



17. Bills Payable and Bonds Payable

Bills Payable

As of December 31, 2022, these include SSURA amounting to ₱1.2 billion which pertains to borrowings from counterparties secured by pledge of government securities with maturities ranging from 48 to 61 days and annual interest rate ranges from 5.05% to 5.09%. No transaction as of December 31, 2021.

On December 10, 2018, the Bank issued MTFNs amounting to 3.0 billion with a tenor of one (1) year and six (6) months and due on June 10, 2020 with interest rate of 7.07% per annum payable quarterly. Interest payment dates shall commence on March 10, 2019 and up to and including the maturity date. The minimum investment size for the MTFNs is ₱10.0 million with increments of ₱0.1 million thereafter.

On June 10, 2020, the Bank paid its outstanding MTFNs.

Interest expense on bills payable in 2022, 2021, and 2020 amounted to ₱21.9 million, ₱42.0 thousand, and ₱110.4 million, respectively (Note 29).

Bonds Payable

On February 4, 2020, the Bank issued fixed rate bonds amounting to ₱4.7 billion with a tenor of three (3) years and due on February 4, 2023 with interest rate of 4.5% per annum payable quarterly. The minimum investment size for the bonds payable is ₱0.5 million with increments of ₱0.1 million thereafter. As of December 31, 2022 and 2021, the carrying amount of these bonds is ₱4.6 billion. Debt issuance cost related to the issuance amounted to ₱42.7 million.

Interest expense incurred on bonds due in 2023 amounted to ₱224.0 million in 2022, ₱223.4 million in 2021 and ₱202.3 million in 2020. Amortization of debt issuance costs amounted to ₱14.8 million in 2022, ₱14.2 million in 2021 and ₱12.1 million in 2020.

On July 24, 2019, the Bank issued fixed rate bonds amounting to ₱6.3 billion with a tenor of two (2) years and due on July 24, 2021 with interest rate of 5.6% per annum payable quarterly. The minimum investment size for the bonds payable is ₱0.5 million with increments of ₱0.1 million thereafter. Debt issuance cost related to the issuance amounted to ₱56.9 million. The ₱6.3 billion fixed rate bonds matured in July 2021.

Interest expense incurred on bonds due in 2021 amounted to ₱214.1 million in 2021 and ₱381.1 million in 2020. Amortization of debt issuance costs amounted to ₱17.1 million in 2021 and ₱28.3 million in 2020.

18. Accrued Taxes, Interest and Other Expenses

This account consists of:

	2022	2021
Accrued interest payable	₱505,829,516	₱204,438,974
Accrued other taxes and licenses payable	266,157,660	218,413,671
Accrued other expenses payable (Note 29)	1,734,229,560	1,261,909,590
	₱2,506,216,736	₱1,684,762,235



Accrued other expenses payable consist of:

	2022	2021
Litigation	₱587,480,311	₱460,109,088
Compensation and fringe benefits	392,066,163	225,623,472
Insurance (Note 29)	210,077,209	215,458,650
Information technology (Note 29)	153,439,962	90,402,560
Security, messengerial and janitorial	81,558,182	79,166,401
Advertising	64,536,154	56,241,988
Repairs and Maintenance	62,182,060	-
Rental - ATM Offsites	39,542,282	37,884,687
ATM maintenance	31,025,175	21,023,745
Donations	13,355,355	16,732,750
Membership, fees and dues	3,773,951	3,773,951
Professional and consultancy fees	-	1,438,093
Miscellaneous	95,192,756	54,054,205
	₱1,734,229,560	₱1,261,909,590

Compensation and fringe benefits include bonuses, as well as medical, dental and hospitalization benefits.

Miscellaneous include accruals for ATM rentals, utilities and maintenance and other expenses.

19. Other Liabilities

This account consists of:

	2022	2021
Financial liabilities		
Accounts payable (Note 29)	₱2,087,042,216	₱1,501,794,285
Lease liabilities (Note 25)	1,322,931,895	1,278,685,842
Other credits	169,110,872	171,819,823
Overages	3,226,191	2,759,164
Deposit for keys - SDB	749,270	758,770
	3,583,060,444	2,955,817,884
Non-financial liabilities		
Provision on undrawn portion of committed credit lines	208,286,386	108,115,156
Withholding taxes payable	120,565,498	47,805,315
Sundry credits	149,968,105	12,028,531
Due to the Treasurer of the Philippines	20,417,050	22,027,747
SSS, Medicare, ECP and HDMF premium payable	17,276,348	14,186,612
Miscellaneous (Note 29)	54,793,755	44,414,450
	571,307,142	248,577,811
Total	₱4,154,367,586	₱3,204,395,695

Accounts payable includes payable to suppliers and service providers, and loan payments and other charges received from customers in advance.

Other credits represent long-outstanding unclaimed cashier's checks.

Sundry credits represent various items or transactions which cannot be classified immediately under any credit account and subsequently classified to proper credit accounts the following month.



Miscellaneous liabilities include incentives for housing loan customers that are compliant with the payment terms amounting to ₱16.1 million, and ₱22.2 million, as of December 31, 2022 and 2021, respectively.

20. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of condition dates (in thousands):

	December 31					
	2022			2021		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	₱1,930,720	₱–	₱1,930,720	₱2,801,335	₱–	₱2,801,335
Due from BSP - gross	37,553,244	–	37,553,244	52,428,888	–	52,428,888
Due from other banks - gross	2,925,164	–	2,925,164	1,368,023	–	1,368,023
Interbank loans receivable and SPURA - gross (Note 7)	2,669,609	–	2,669,609	4,532,878	–	4,532,878
FVTPL investments (Note 8)	36	–	36	45	–	45
Financial assets at FVOCI (Note 8)	68,059,345	1,601,371	69,660,716	55,881,718	4,384,786	60,266,504
Investment securities at amortized cost – gross (Note 8)	1,040,479	29,400,379	30,440,858	–	20,987,944	20,987,944
Loans and receivables - gross (Note 9)	14,010,117	101,652,600	115,662,717	16,240,016	101,664,218	117,904,234
Other assets* (Note 14)	31,219	172,131	203,350	43,538	183,474	227,012
	128,219,933	132,826,481	261,046,414	133,296,441	127,220,422	260,516,863
Nonfinancial Assets						
Investment in a joint venture (Note 10)	–	816,285	816,285	–	762,926	762,926
Property and equipment - gross (Note 11)	–	8,370,034	8,370,034	–	7,958,241	7,958,241
Investment properties - gross (Note 12)	–	4,717,707	4,717,707	–	4,115,392	4,115,392
Deferred tax assets (Note 27)	–	280,114	280,114	–	576,787	576,787
Intangible assets and goodwill - gross (Note 13)	–	436,742	436,742	–	474,842	474,842
Other assets - gross** (Note 14)	246,041	620,804	866,845	311,106	736,697	1,047,803
	246,041	15,241,686	15,487,727	311,106	14,624,885	14,935,991
Less: Allowance for credit and impairment losses (Note 15)			6,039,911			7,682,901
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)			5,887,948			5,671,239
Unearned discounts and capitalized interest (Note 9)			185,273			292,604
			12,113,132			13,646,744
			₱264,421,009			₱261,806,110

* Other assets under financial assets comprise security deposits, RCOCI, petty cash fund, shortages and other investments.

** Other assets under nonfinancial assets comprise chattel mortgage properties, net retirement assets, prepayments, documentary stamps on hand, stationeries and supplies on hand, creditable withholding tax, inter-office float items, sundry debits, deferred charges, postages stamps.

	December 31					
	2022			2021		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Liabilities						
Deposit liabilities (Note 16)	₱193,445,791	₱20,326,402	₱213,772,193	₱199,230,418	₱17,565,132	₱216,795,550
Bills Payable	1,185,945	–	1,185,945	–	–	–
Bonds payable (Note 17)	4,648,450	–	4,648,450	–	4,633,613	4,633,613
Treasurer's, cashier's and manager's checks	1,014,226	–	1,014,226	593,631	–	593,631
Accrued other expenses payable (Note 18)	1,734,229	–	1,734,229	1,261,910	–	1,261,910
Accrued interest payable (Note 18)	505,830	–	505,830	204,439	–	204,439
Other liabilities* (Note 19)	2,654,199	928,861	3,583,060	2,030,281	925,537	2,955,818
	205,188,670	21,255,263	226,443,933	203,320,679	23,124,282	226,444,961
Nonfinancial Liabilities						
Accrued other taxes and licenses payable (Note 18)	266,158	–	266,158	218,414	–	218,414
Income tax payable	–	–	–	81	–	81
Other liabilities** (Note 19)	400,922	170,385	571,307	214,521	34,056	248,577
	667,080	170,385	837,465	433,016	34,056	467,072
	₱205,855,750	₱21,425,648	₱227,281,398	₱203,753,695	₱23,158,338	₱226,912,033

* Other liabilities under financial liabilities comprise accounts payable, lease liabilities, other credits, overages, and deposit for safety deposit box.

** Other liabilities under nonfinancial liabilities comprise provision on undrawn portion of committed credit lines, withholding taxes payable, sundry credits, due to the treasurer of the Philippines, SSS, Medicare, ECP & HDMF premium payable, and miscellaneous liabilities.



21. Equity

Issued Capital

As of December 31, 2022 and 2021, the Bank's capital stock consists of:

	2022		2021	
	Shares	Amount	Shares	Amount
Authorized common stock - ₱10.0 par value	600,000,000	₱6,000,000,000	600,000,000	₱6,000,000,000
Issued and outstanding				
Beginning balance	426,859,416	₱4,268,594,160	426,859,416	₱4,268,594,160
Ending balance	426,859,416	₱4,268,594,160	426,859,416	₱4,268,594,160

The Bank became listed in the Philippine Stock Exchange (PSE) on October 10, 1994. Subsequently, the SEC approved the increase in the capital stock of the Bank. The summarized information on the Bank's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Type	Authorized Shares	Par Value
August 16, 1995	Common	300,000,000	₱10
October 8, 1997	Common	425,000,000	₱10

As of December 31, 2022 and 2021, the total number of stockholders is 1,443, and 1,447, respectively, with share price closed at ₱56.5.

On November 28, 2018, the PSE approved the application of the Bank for the listing of additional 142,856,925 common shares to cover the Bank's 1:1.68177 stock rights offering at an offer price of 56.0 per share or additional capital of ₱8.0 billion. The Bank successfully completed 8.0 billion stock rights offer and shares were listed on January 18, 2019 in the PSE. Capital paid in excess of par related to the offering amounted to ₱6.5 billion, net of transactions costs of ₱101.5 million.

On March 12, 2019, the BOD approved (a) the amendment of the AOI to increase the authorized capital stock from ₱4.25 billion to ₱6.00 billion and (b) the declaration of a 11.42% stock dividend equivalent to 43,750,000 shares amounting to ₱2.57 billion representing the minimum 11.42% subscription and paid-up capital for the increase in the authorized capital stock of the Bank which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2019. These were approved by BSP on August 8, 2019 and by the SEC on November 20, 2019. Following this, the authorized capital stock of the Bank increased from ₱4.25 billion to ₱6.00 billion consisting of 600.00 million common shares with par value of ₱10.00 per share.

On January 16, 2020, the Bank received the SEC order fixing the record date of the 11.42% stock dividend on January 31, 2020. The 11.42% stock dividend was issued on February 21, 2020 with record date on January 31, 2020. On February 17, 2020, the PSE approved the listing of such stock dividend. Capital paid in excess of par related to the issuance of stock dividend amounted to ₱2.1 billion.

Dividends Paid and Proposed

Details of the Bank's dividend distributions as approved by the Bank's BOD and the BSP follow:

Cash Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
January 16, 2020	0.75	₱287,332,062	January 31, 2020	February 17, 2020
April 21, 2020	0.75	320,144,562	May 7, 2020	May 21, 2020
July 23, 2020	0.75	320,144,562	August 7, 2020	August 24, 2020
October 22, 2020	0.75	320,144,562	November 9, 2020	November 23, 2020
January 21, 2021	0.75	320,144,562	February 5, 2021	February 22, 2021
April 26, 2021	0.75	320,144,562	May 11, 2021	May 26, 2021
July 22, 2021	0.75	320,144,562	August 6, 2021	August 23, 2021
October 21, 2021	0.75	320,144,562	November 8, 2021	November 22, 2021
January 17, 2022	0.75	320,144,562	February 2, 2022	February 16, 2022
April 25, 2022	0.75	320,144,562	May 11, 2022	May 21, 2022
July 21, 2022	0.75	320,144,562	August 5, 2022	August 22, 2022
October 20, 2022	0.75	320,144,562	November 7, 2022	November 21, 2022



Stock Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
March 12, 2019	11.42%	P=	January 31, 2020	February 21, 2020

On October 9, 2015, the BSP issued Circular No. 888, Amendments to Regulations on Dividend Declaration and Interest Payments on Tier 1 Capital Instruments, which liberalized said rules in the sense that prior BSP verification and approval is no longer required except for banks with major supervisory concerns. However, banks are bound to comply with the provisions of Section X136 of the Manual of Regulations for Banks (MORB) and its subsections, including the submission of documentary requirements under Subsection X136.4 of the MORB. Otherwise, banks, subsequently found to have violated the provisions on dividend declaration or have falsely certified/submitted misleading statements shall be reverted to the prior BSP verification wherein the bank can only make an announcement or communication on the declaration of the dividends or payment of dividends thereon upon receipt of BSP advice thereof. The Bank is compliant with the said circular.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

In compliance with BSP regulations, 10.00% of the Bank's profit from trust business is appropriated to surplus reserves. This annual appropriation is required until the surplus reserves for trust business equals 20.00% of the Bank's authorized capital stock.

A portion of the surplus corresponding to the accumulated net earnings of a joint venture is not available for dividend declaration until receipt of cash dividends from the investee.

Capital Management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements, as mandated by the BSP, and that the Bank maintains healthy capital ratios in order to support its business and maximize returns for its shareholders. The Bank considers its paid in capital and surplus as its capital.

The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to shareholders or issue capital securities. The major activities in this area include the following:

- The Bank issued additional common shares for its qualified stockholders in 2008 and 2006 through stock rights offerings that raised ₱2.0 billion and ₱750.0 million in capital, respectively.
- On October 21, 2016, the BOD approved the Bank's updated Dividend Policy which provides, among others, the declaration and payment of cash dividends at a rate of ₱0.75 per share on a quarterly basis unless approved by a majority vote of the BOD at a different rate or otherwise restricted/prohibited from declaring/paying dividends.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis and consolidated basis. Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board of the BSP.



On January 15, 2013, the BSP issued Circular No. 781, Basel III Implementing Guidelines on Minimum Capital Requirements which states the implementing guidelines on the revised risk-based capital adequacy framework, particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular took effect on January 1, 2014.

On March 29, 2022, the BSP issued Circular No. 1142, Amendments to the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio, which provides amended guidelines on the computation of the minimum required capital and the risk-based capital adequacy ratio.

The Bank considered BSP regulations, which set out a minimum CET1 ratio of 6.00% and Tier 1 capital ratio of 7.50%, and require capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

The CAR of the Bank as of December 31, as reported to the BSP, based on BSP Circular No. 781 and BSP Circular No. 538, respectively, are shown in the table below (amounts in millions).

	2022	2021
Tier 1 capital	₱35,685	₱33,128
CET1 capital	35,685	33,128
Less: Required deductions	2,164	2,432
Total Tier 1 Capital	33,521	30,696
Total Tier 2 capital	1,193	1,416
Total qualifying capital	34,714	32,112
Risk weighted assets	₱139,713	₱132,208
Tier 1 ratio	23.99%	23.22%
CET1 ratio	23.99%	23.22%
Capital adequacy ratio	24.85%	24.29%

Regulatory qualifying capital consists of Tier 1 (going concern) capital, which comprises capital stock, surplus, surplus reserves, net unrealized gains on FVOCI securities, cumulative foreign currency translation and remeasurements of net defined benefit asset. Certain adjustments are made to PFRS-based results and reserves, as prescribed by the BSP. The other component of regulatory capital is Tier 2 (gone-concern) capital, which is comprised of the Bank's general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to, outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations, and guarantees granted to subsidiaries and affiliates (net of specific provisions), deferred tax assets, goodwill, other intangible assets and significant minority investments in a joint venture.

Risk-weighted assets are determined by assigning defined risk weights to amounts of on-balance sheet exposures and to the credit equivalent amounts of off-balance sheet exposures.

As of December 31, 2022 and 2021, the Bank has complied with the requirements of BSP Circular No. 781 and BSP Circular No. 538.

On October 29, 2014, the BSP issued Circular No. 856 which covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement was phased-in starting January 1, 2017, with full compliance on January 1, 2019. On September 27, 2019, the BSP issued Circular No. 1051 which covers the enhancements in the assessment methodology of D-SIBs. The Bank has complied with this requirement.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (ICAAP) in 2009 supplements the BSP's risk-based capital adequacy framework under BSP Circular No. 538. In compliance with this new circular, the Metrobank Group has adopted and developed its ICAAP framework to



ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget, as well as regulatory directives. The Bank follows the Group's ICAAP framework and submits the result of its assessment to the Parent Company. Per BSP Circular No. 869, effective January 31, 2015, submission of an ICAAP document is required by BSP every March 31 of each year. The Bank has complied with this requirement.

The Bank has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

BASEL III Leverage Ratio (BLR)

On June 9, 2015, the BSP issued Circular No. 881 covering the implementing guidelines on the Basel III Leverage Ratio Framework which is designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.0 percent. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018 under BSP Circular No. 990 issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The Basel III Leverage Ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as percentage. Capital measure is the Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items. The leverage ratio shall not be less than 5.0 percent computed on both solo (head office plus branches) and consolidated bases (including subsidiary financial allied undertakings but excluding insurance companies).

As of December 31, 2022 and 2021, the Bank maintains these ratios above minimum requirements as shown in the table below (in millions):

	December 31, 2022	December 31, 2021
A. Capital Measure	₱33,521	₱30,696
B. Exposure Measure	263,482	259,871
C. Basel III Leverage Ratio (A/B)	12.72%	11.81%

Liquidity Coverage Ratio (LCR)

On March 10, 2016 and February 8, 2018, the BSP issued Circular Nos. 905 and 996, respectively, which include guidelines on LCR, and LCR disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets (HQLAs) to total net cash outflows. To promote the short-term resilience of the liquidity risk profile of the Bank, it shall maintain an adequate stock of unencumbered HQLAs that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. The stock of liquid assets should enable the Bank to withstand significant liquidity shocks for at least thirty (30) calendar days, which would give time for corrective actions to be taken by the Bank's management and/or the BSP.

On March 15, 2019, the BSP issued Circular No. 1035 which approved the: (1) extension of the observation period of the minimum Basel III LCR requirement to December 31, 2019 for subsidiary banks and quasi-banks (QBs) of universal and commercial banks (U/KBs), (2) adoption of a seventy percent (70.00%) LCR floor for subsidiary banks and QBs during the observation period, (3) minimum requirement of one hundred (100.00%) starting January 1, 2020. As of December 31, 2022 and 2021, the LCR in single currency as reported to the BSP, is 158.70% and 159.47%, respectively.

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued Circular No. 1007, covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - NSFR. The NSFR limits overreliance on short-term wholesale funding and promotes enhanced assessment of funding risk across all on- and off-balance sheet accounts. The NSFR complements the LCR, which promotes short term resilience of the Bank's liquidity



profile. The covered bank shall maintain an NSFR of at least 100.0 percent at all times. Compliance with this requirement was phased-in effective July 1, 2018, with full implementation of the minimum NSFR on January 1, 2019.

On March 15, 2019, the BSP issued Circular No. 1034 which approved the extension of the observation period for the Basel III Framework on Liquidity Standards - NSFR for subsidiary banks/quasi-banks.

The implementation of the minimum NSFR shall be phased in to help ensure that the covered banks/QBs can meet the standard through reasonable measures without disrupting credit extension and financial market activities. In order to facilitate compliance, covered banks/QBs shall undergo an observation period before the NSFR becomes a minimum requirement. Subsidiary banks/QBs of U/KBs shall be subject to an NSFR floor of seventy percent (70.00%) during the observation period. Starting January 1, 2020, the minimum NSFR for subsidiary banks/quasi-banks of universal and commercial banks (UBs/KBs) shall be 100.00%. As of December 31, 2022 and 2021, the NSFR as reported to the BSP is at 148.49% and 155.20%, respectively.

Basel III Countercyclical Capital Buffer

On December 6, 2018, the BSP issued Circular No. 1024 covering the Philippine adoption of the Basel III Countercyclical Capital Buffer (CCyB) which imposed the following capital buffers:

- Capital Conservation buffer (CCB) of two and a half percent (2.50%); and
- Countercyclical capital buffer (CCyB) of zero percent (0.00%) subject to upward adjustment to a rate determined by the Monetary Board of the BSP when systemic conditions warrant but not to exceed two and a half percent (2.50%). Any increase in the CCyB rate shall be effective 12 months after its announcements. Decreases shall be effective immediately.

The prescribed ratios shall be maintained at all times.

22. Net Service Fees and Commission Income

This account consists of:

	2022	2021	2020
Service Fees and Commission Income			
Credit-related fees and commissions	₱1,114,725,360	₱1,056,749,812	₱890,934,914
Deposit-related and other fees received (Note 29)	571,145,496	478,174,952	374,192,384
Trust fees	46,971,038	46,202,084	43,083,232
	1,732,841,894	1,581,126,848	1,308,210,530
Service Fees and Commission Expense			
Commissions	45,200,420	42,225,973	41,856,120
Brokerage	6,108,650	5,590,759	8,969,685
	51,309,070	47,816,732	50,825,805
Net Service Fees and Commission Income	₱1,681,532,824	₱1,533,310,116	₱1,257,384,725

23. Miscellaneous Income

This account consists of:

	2022	2021	2020
Recovery of charged-off assets	₱339,337,767	₱360,147,032	₱234,282,740
Insurance commission income	202,199,914	110,057,949	105,684,417
Rental income (Notes 12, 25 and 29)	45,235,373	43,767,739	46,711,545
Others (Notes 9 and 29)	191,002,283	186,458,085	(371,212,674)
	₱777,775,337	₱700,430,805	₱15,466,028



Rental income arises from the lease of properties and safety deposit boxes of the Bank.

Other miscellaneous income includes renewal fees, checkbook charges, break funding cost and other miscellaneous income. In 2020, total modification loss recognized in the statement of income under 'Miscellaneous income' amounted to ₱508.8 million. Subsequent accretion of modified loans amounted to ₱107.0 million, ₱134.6 million and ₱82.2 million in 2022, 2021 and 2020, respectively (Note 9).

24. Retirement Benefits

The Bank has a funded, noncontributory defined benefit plan covering substantially all of its employees. The benefits are based on years of service and final compensation.

The plan administered by the Retirement Committee is composed of five (5) members appointed by the BOD of the Bank. The Retirement Committee has all the powers necessary or useful in the discharge of its duties of administration including, but not limited to determining the rights of Members under the Plan. The Retirement Committee may adopt such rules and regulations as it deems necessary and desirable, including those governing the establishment of procedures, the use of necessary forms, and the setting up of minimum periods where notice is required. The Retirement Committee may seek advice of counsel, and may appoint an independent accountant to audit the Plan and actuary to value the plan periodically, whose professional fees and expenses may be charged to the Fund.

Under the existing regulatory framework, RA No. 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The date of the latest actuarial valuation is December 31, 2022.

The amounts of pension expense included in 'Compensation and fringe benefits' in the statements of income follow:

	2022	2021
Current service cost	₱227,706,990	₱245,929,229
Net interest cost	(20,012,154)	(3,529,229)
	₱207,694,836	₱242,400,000



The net retirement liability/retirement asset shown under ‘Other liabilities’/‘Other assets’ recognized in the Bank’s statements of condition follows (in thousands):

2022												
Remeasurements in other comprehensive income												
	Net benefit cost			Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Subtotal	Contribution by employer	December 31, 2022	
	January 1, 2022	Current service cost	Net Interest									Subtotal
Present value of defined benefit obligation	₱3,113,053	₱227,707	₱147,479	₱375,186	(₱258,642)	₱-	₱89,847	₱-	(₱135,383)	(₱45,536)	₱-	₱3,184,061
Fair value of plan assets	(3,354,893)	-	(167,491)	(167,491)	258,642	199,720	-	-	-	199,720	(323,450)	(3,387,472)
Net retirement asset (Note 14)	(₱241,840)	₱227,707	(₱20,012)	₱207,695	₱-	₱199,720	₱89,847	₱-	(₱135,383)	₱154,184	(₱323,450)	(₱203,411)

2021												
Remeasurements in other comprehensive income												
	Net benefit cost			Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Subtotal	Contribution by employer	December 31, 2021	
	January 1, 2021	Current service cost	Net Interest									Subtotal
Present value of defined benefit obligation	₱3,256,193	₱245,929	₱110,804	₱356,733	(₱222,891)	₱-	₱99,684	₱-	(₱376,666)	(₱276,982)	₱-	₱3,113,053
Fair value of plan assets	(3,207,170)	-	(114,333)	(114,333)	222,891	83,346	-	-	-	83,346	(339,627)	(3,354,893)
Net retirement asset (Note 14)	₱49,023	₱245,929	(₱3,529)	₱242,400	₱-	₱83,346	₱99,684	₱-	(₱376,666)	(₱193,636)	(₱339,627)	(₱241,840)

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The Bank expects to contribute ₱258.6 million to its noncontributory defined benefit plan in 2023.



The fair values of plan assets by each class as at the statements of condition date are as follows:

	2022	2021
Investment in debt securities		
Government	₱1,910,076,151	₱2,109,275,578
Private	559,534,342	1,017,480,730
Cash and cash equivalents	783,385,635	90,778,999
Unit Investment Trust Fund (UITF)	42,561,098	31,988,986
Investment in equity securities	77,507,699	90,298,224
Other assets	17,327,104	17,982,070
	3,390,392,029	3,357,804,587
Other liabilities	2,919,504	2,911,307
	₱3,387,472,525	₱3,354,893,280

The person exercising voting right for the foregoing equity instruments is currently a senior officer of the Bank.

The principal actuarial assumptions used in determining retirement liability as of December 31, 2022 and 2021 are shown below:

	2022	2021
Discount rate	7.11%	4.94%
Turnover rate	3.63%, 10.23%	3.63%, 10.23%
Future salary increases	5.50%	4.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2022		December 31, 2021	
	Possible Fluctuations	Increase (decrease)	Possible Fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱220,438,919)	+1.00%	(₱232,863,612)
	-1.00%	248,784,290	-1.00%	264,882,836
Turnover rate	+1.00%	(4,330,091)	+1.00%	(18,670,181)
	-1.00%	4,161,186	-1.00%	11,210,010
Future salary increase rate	+1.00%	265,814,360	+1.00%	280,263,812
	-1.00%	(239,077,385)	-1.00%	(250,308,015)

The Retirement Committee ensures that there will be sufficient assets to pay pension benefits as they fall due and maintains the plan on an actuarially sound basis considering the benefits to members.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2022	2021
Less than one year	₱282,910,375	₱251,146,266
One to less than five years	1,407,715,193	1,239,251,226
Five to less than 10 years	2,246,907,514	1,893,401,838
10 to less than 15 years	2,719,152,541	2,081,717,773
15 to less than 20 years	2,489,207,065	2,075,368,475
20 years and above	1,744,550,715	1,361,034,053

The average duration of the expected benefit payments at the statement of condition date is 9.27 years.



25. Leases

The Bank leases the premises occupied by its branches for periods ranging from 1 to 30 years renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 10.00%.

As of December 31, 2022 and 2021, the carrying amounts of lease liabilities (included in 'Other Liabilities' in Note 19) are as follows:

	2022	2021
Balance at beginning of year	₱1,278,685,842	₱1,342,394,905
Additions	523,368,707	330,419,191
Accretion of interest	79,873,386	85,201,992
Payments	(558,996,040)	(479,330,246)
	₱1,322,931,895	₱1,278,685,842

The Bank recognized interest expense on lease liabilities (included in 'Interest expense' in the statements of income) amounting to ₱79.9 million, ₱85.2 million and ₱99.5 million in 2022, 2021 and 2020, respectively, rent expense from short-term leases and leases of low-value assets amounting (included in 'Occupancy and equipment-related costs' in the statements of income) to ₱116.2 million in 2022, ₱130.9 million in 2021 and ₱140.7 million in 2020.

Future minimum rentals payable under non-cancelable operating leases are as follows:

	2022	2021
Within one year	₱469,115,714	₱419,166,727
After one year but not more than five years	918,298,112	852,888,078
More than five years	145,925,243	205,507,135
	₱1,533,339,069	₱1,477,561,940

The Bank has also entered into commercial property leases on its surplus office space. These non-cancelable leases have remaining non-cancelable lease terms between 1 and 5 years. As of December 31, 2022 and 2021, there is no contingent rental income. Rental income of the Bank related to these property leases amounting to ₱44.1 million, ₱42.4 million, and ₱45.5 million in 2022, 2021 and 2020, respectively are shown under 'Miscellaneous income' in the statements of income (Notes 12 and 23).

Future minimum rentals receivable under non-cancelable operating leases are as follows:

	2022	2021
Within one year	₱39,072,786	₱34,081,506
After one year but not more than five years	38,478,565	32,440,728
	₱77,551,351	₱66,522,234



26. Miscellaneous Expenses

This account consists of:

	2022	2021	2020
Insurance (Note 29)	₱453,534,299	₱550,608,756	₱498,092,209
Litigation	429,974,439	442,289,577	364,647,454
Information technology (Note 29)	407,689,037	375,290,002	362,765,811
Fines, penalties and other charges	206,509,947	150,222,885	188,886,091
Repairs and maintenance (Note 12)	171,424,078	110,147,726	117,546,466
Communications	147,148,701	167,554,452	143,024,129
Stationery and supplies	82,824,439	46,355,039	98,511,725
Supervision and examination fees	75,405,438	75,845,625	79,409,221
Transportation and traveling	52,967,086	50,559,908	127,736,459
Training and seminars	26,880,748	2,449,846	1,973,526
Management and professional fees	25,473,105	23,048,029	18,899,050
Advertising	22,092,410	11,076,666	50,064,780
Banking activities expenses	9,360,794	4,642,771	4,670,840
Donations and charitable contributions	7,122,605	6,812,000	11,465,500
Membership fees and dues	2,699,211	3,827,410	4,380,400
Others	9,614,270	61,472,300	12,746,651
	₱2,130,720,607	₱2,082,202,992	₱2,084,820,312

Insurance expense includes premiums paid to the Philippine Deposit Insurance Corporation (PDIC) amounting to ₱429.2 million, ₱412.9 million, and ₱345.7 million in 2022, 2021 and 2020, respectively.

Other expenses include entertainment, amusement and recreation (EAR), rewards and incentives, meeting allowance, sponsorship expenses, home free loan expenses, appraisal fees and notarial fees. These also include payments to union members amounting to ₱9.4 million, ₱10.1 million and ₱10.6 million in 2022, 2021 and 2020, respectively, for the successful completion of the collective bargaining agreement.

27. Income and Other Taxes

Under Philippine tax laws, the Bank is subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include corporate income tax, further discussed below, and final taxes paid at the rate of 20.00%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, RA No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% effective July 1, 2020. With the implementation of this Act, the allowable deduction for interest expense was reduced from 33% to 20.00% of the interest income subject to final tax.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Bank’s income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020, 2021 and 2022, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulation (RR) No. 25-2020.

The deferred tax assets and liabilities as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. These reductions were recognized in the 2021 financial statements.

Starting July 1, 2008, the Optional Standard Deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. The Bank elected to claim itemized expense deductions instead of the OSD in computing for the RCIT in 2022 and 2021.



Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense for a service company is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and OBUs is taxed at 15.00% in 2022 and 2021. Under current tax regulations, the income derived by the FCDU from foreign currency transactions with non-residents, OBUs, local commercial banks, including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

Provision for income tax consists of:

	2022	2021	2020
Current:			
Final tax	₱709,425,111	₱356,565,831	₱265,200,890
Current income tax	73,891,205	(44,382,280)	501,075,819
	783,316,316	312,183,551	766,276,709
Deferred	335,219,072	1,414,071,157	(783,739,604)
	₱1,118,535,388	₱1,726,254,708	(₱17,462,895)

Net deferred tax assets consist of the following tax effects:

	2022	2021
Deferred tax assets on:		
Retirement benefit obligation	₱249,507,924	₱210,961,827
Unamortized pension cost contribution	158,720,206	173,550,556
Accumulated depreciation of assets foreclosed or dacioned	97,763,184	96,772,332
Allowance for credit and impairment losses	66,874,352	282,454,212
Net effect of lease liabilities and ROU assets	54,055,554	59,297,005
Loan modification	46,215,270	72,967,041
Net unrealized gain on fair value of FVOCI	4,618,954	-
Unrealized foreign exchange gains	1,984,235	(5,496,046)
	679,739,679	890,506,927
Deferred tax liabilities on:		
Net unrealized gain on investment properties	(399,626,135)	(312,384,257)
Others	-	(1,336,151)
	(399,626,135)	(313,720,408)
	₱280,113,544	₱576,786,519

Income tax effect credited (debited) in OCI amounted to ₱38.5 million, (₱48.4 million) (excluding impact of CREATE) and (₱90.7 million) in 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the Bank did not recognize deferred tax assets on the following temporary differences:

	2022	2021
Allowance for credit and impairment losses	₱5,981,653,248	₱6,672,477,479
Excess MCIT over RCIT	70,226,677	34,998,663
	₱6,051,879,925	₱6,707,476,142

The Bank believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.



Details of the excess MCIT over RCIT credits of the Bank follow:

	Amount	Used/Expired	Balance	Expiry Year
2021	₱34,998,663	₱-	₱34,998,663	2024
2022	35,228,014	-	35,228,014	2025
	₱70,226,677	₱-	₱70,226,677	

The reconciliation between the statutory income tax and effective income tax follows (in thousands):

	2022	2021	2020
Statutory income tax	₱1,199,241	₱816,437	₱327,225
Tax effect of:			
Change in unrecognized DTA	(137,478)	1,073,320	427,676
Non-taxable, tax-paid and tax-exempt income	(245,782)	(425,082)	(928,629)
Nondeductible expenses	233,564	161,201	225,399
Effect of change in tax rate	-	174,295	-
FCDU income	(74,895)	(87,686)	(78,916)
Others	143,885	13,770	9,782
Effective income tax	₱1,118,535	₱1,726,255	(₱17,463)

28. Earnings Per Share

The following table presents information used to calculate basic EPS:

	2022	2021	2020
a. Net income	₱3,678,428,259	₱1,539,492,720	₱1,108,212,278
b. Weighted average number of common shares for basic earnings per share	426,859,416	426,859,416	426,859,416
c. Basic/Diluted EPS (a/b)	₱8.62	₱3.61	₱2.60

As of December 31, 2022, 2021 and 2020, there were no potential common shares with dilutive effect on the basic EPS of the Bank.

29. Related Party Transactions

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

- Bank's Directors, Officers, Stockholders and their Related Interests (DOSRI) as defined per BSP's existing DOSRI rules and regulations;
- Close Family Members (i.e., second degree relatives) of the Bank's Directors, Officers with rank of SVP and up, and Individual Substantial Stockholders;
- Bank's Subsidiaries and Affiliates as defined per BSP's existing rules and regulations on lending to subsidiaries and affiliates;
- Any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank;
- Subsidiaries, Affiliates and Special Purpose Entities (SPEs) of any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank;
- Corresponding Persons in Affiliated Companies as defined in the Bank's Related Party Transaction (RPT) Policy; and



- Any natural person or juridical entity whose interest may pose potential conflict with the Bank's interest.

The Bank has several business relationships with related parties. The terms of the transactions with such parties are listed below on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties, and are usually settled in cash. These transactions also did not involve more than the nominal risk of collectability or present other unfavorable conditions.

Transactions with the Retirement Plan

On December 20, 2012, the SEC issued Memorandum Circular No. 12 providing for guidelines on the disclosure of transactions with retirement benefit funds. Under said circular, a reporting entity shall disclose information about any transaction with a related party (retirement fund, in this case) and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Under PFRS, certain post-employment benefit plans are considered as related parties. The Bank has business relationships with its retirement plan pursuant to which it provides trust and management services to the said plan. The retirement plan of the employees of the Bank is being managed and maintained by the Trust Division of the Bank. The total fair value of the retirement fund as of December 31, 2022 and 2021 amounted to ₱3.4 billion. The details of the assets of the fund as of December 31, 2022 and 2021 are disclosed in Note 24.

The following table shows the amount of outstanding balances of related party transactions of the Bank with the retirement plan of the employees of the Bank as of December 31, 2022 and 2021:

Related Party	Nature of Transaction	2022	
		Statement of Condition	Statement of Income
Philippine Savings Bank	Savings Deposit	₱15,941,513	₱-
	Investment in Money Market Fund*	42,561,098	-
	Income from UITF**	-	572,585
	Interest income	-	24,291
First Metro ETF	Equity investment***	24,837,819	-
*Includes fair value gains of ₱0.48 million			
**Includes fair value gains of ₱0.41 million			
***Includes fair value loss of ₱2.13 million			
Related Party	Nature of Transaction	2021	
		Statement of Condition	Statement of Income
Philippine Savings Bank	Savings Deposit	₱3,778,999	₱-
	Investment in Money Market Fund*	31,988,896	-
	Income from UITF**	-	238,430
	Interest income	-	28,525
First Metro ETF	Equity investment***	26,310,294	-
*Includes fair value gains of ₱0.1 million			
**Includes fair value loss of ₱0.04 million			
***Includes fair value loss of ₱0.35 million			

Transactions relating to the Bank's retirement plan are approved by its Retirement Committee. The voting right over the investments in the Bank's capital stocks is exercised by a member of the Retirement Committee as approved by all members of the Retirement Committee, whom are senior officers of the Bank.

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.



Total remunerations of key management personnel (covering assistant vice presidents and up) [included under 'Compensation and fringe benefits' in the statements of income are as follows:

	2022	2021
Short-term employee benefits	₱369,283,571	₱326,973,490
Post-employment pension benefits	1,272,282	4,845,307
	₱370,555,853	₱331,818,797

Short-term employee benefits include salaries and other non-monetary benefits.

Remunerations given to directors, as approved by the Board Remuneration Committee, amounted to ₱21.5 million, ₱22.1 million, and ₱21.9 million in 2022, 2021, and 2020, respectively.

The Bank also provides banking services to directors and other key management personnel and persons connected to them.

Other Related Party Transactions

Other related party transactions of the Bank by category of related party are presented below. The following tables show the amount and outstanding balances included in the financial statements (in thousands):

Category	December 31, 2022		
	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	₱485,169	₱1,592,053	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.00% to 5.00%
Financial assets at Amortized Cost	60,000	60,000	Pledge for security of payroll account with MBTC in 2022
Financial assets at FVOCI	(59,718)	-	Pledge for security of payroll account with MBTC in 2021
Accounts receivable (payable)	(4,483)	1,306	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	(1,948)	-	Security deposits on lease contracts
Miscellaneous liabilities	(3,550)	2,369	Advance payments of security deposits from various tenants
Accrued other expense payable	63,037	153,440	Outstanding information technology expense payable, charges on current and savings accounts processing
Rental income	13,056	-	Income from leasing agreements with various lease terms ranging from 2 to 5 years
Information technology expense	121,493	-	Payment of information technology transactions
Trading and security loss	4	-	Loss from securities transactions
Securities transactions			
Outright purchases	5,576,850	-	Outright purchase of FVPL, HTM and AFS investments
Outright sales	(104,000)	-	Outright sale of FVPL and AFS investments
Joint Venture			
Investment in a joint venture	53,359	816,285	Outstanding balance of capital investment in SMFC
Dividends from joint venture	30,059	-	Dividends from SMFC
Accounts receivable	96	1,001	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	61,881	75,881	Demand and short-term peso time-deposits deposits with annual fixed rates of 1.25%
Miscellaneous liabilities	-	7,861	Advance payment of security deposits
Rental income	17,876	-	Income from leasing agreements
Interest expense	28	-	Interest on deposit liabilities
Other Related Parties (DOSRI/Indirect)			
Receivable from customers	-	1,142,515	Peso denominated lending which earns 3.00% to 7.50% fixed daily interest rate with maturity terms ranging from 14 days to 10 years (excluding key personnel); mostly unsecured, with ECL
Placements	955,000	-	
Maturities	967,797	-	
Miscellaneous assets	(2,949)	-	3 months advance security deposits
Accounts receivable	(1,112)	673	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid expense	(5,782)	6,446	Payment of various motor car vehicles, fire, money, security, payroll and robbery insurance

(Forward)



December 31, 2022			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Deposit liabilities	(₱4,418,680)	₱3,541,205	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 2.00%
Accrued other expense payable	-	1,151	Outstanding group life insurance
Accounts payable	7,480	7,849	Various personal and car insurance payable
Miscellaneous liabilities	-	1,872	Advance payment of security deposits from various tenants
Interest income	47,171	-	Income on receivables from customers and interbank loans receivables
Trading and securities loss	43	-	Gain from securities transactions
Rental income	8,100	-	Income from leasing agreements with various lease terms
Bank commission	437	-	Commission income on ATM service fees
Miscellaneous income	937	-	Service income received from insourcing agreements
Insurance expense	52,758	-	Payment of insurance premium
Interest expense	541	-	Interest on deposit liabilities
Rent expense	(65)	-	Payment of rent expense to various lessors
Securities transactions	-	-	
Outright purchases	2,000,000	-	Outright purchase of FVPL and AFS investments
Outright sales	(150,000)	-	Outright sale of FVPL and AFS investments
Key Personnel			
Receivables from customers	-	11,496	Unsecured, no impairment, with annual fixed interest rates
Availments	2,864	-	6.00% and maturities ranging from 2 to 10 years
Maturities	(2,436)	-	
Interest income	1,032	-	Interest income from loans

December 31, 2021			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	(₱267,443)	₱1,106,884	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.00% to 5.00%
Financial assets at FVOCI	-	59,718	Pledged for security of MBTC's payroll account with the Bank.
Accounts receivable (payable)	7,698	5,789	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	114	1,948	Security deposits on lease contracts
Miscellaneous liabilities	-	5,919	Advance payments of security deposits from various tenants
Accrued other expense payable	21,819	90,403	Outstanding information technology expense payable, charges on current and savings accounts processing
Rental income	12,099	-	Income from leasing agreements with various lease terms ranging from 2 to 5 years
Miscellaneous income	22,033	-	Service income received from collection services
Information technology expense	154,170	-	Payment of information technology expenses
Trading and security loss	(3,242)	-	Loss from securities transactions
Securities transactions	-	-	
Outright purchases	11,770,583	-	Outright purchase of FVTPL, AC and FVOCI investments
Outright sales	(150,000)	-	Outright sale of FVTPL and FVOCI investments
Joint Venture			
Investment in a joint venture	57,449	762,926	Outstanding balance of capital investment in SMFC; movements in outstanding balance pertain to share in net income and other comprehensive income less dividends received
Dividends from joint venture	11,580	-	Dividends from SMFC
Accounts receivable	688	905	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	(474,007)	14,000	Demand and short-term peso time deposits with annual fixed rates of 1.25%
Miscellaneous liabilities	7,861	7,861	Payment of security deposits
Rental income	16,288	-	Income from leasing agreements
Miscellaneous income	6,882	-	Utilities and rental charges
Interest expense	66	-	Interest on deposit liabilities
Other Related Parties (DOSRI/Indirect)			
Receivable from customers	-	1,155,312	Loans granted bear interest of ranging 3.0% to 10.50% with terms
Placements	1,159,611	-	from 12 to 60 months (excluding key personnel); mostly
Maturities	1,176,688	-	unsecured; no impairment
Miscellaneous assets	353	2,949	Three months advance security deposits
Accounts receivable	(4,908)	1,785	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid expense	5,455	12,228	Payment for various motor car vehicles, fire, money, security, payroll and robbery insurance
Deposit liabilities	7,044,834	7,959,885	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 2.00%
Accrued other expense payable	-	1,151	Outstanding group life insurance

(Forward)



December 31, 2021			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accounts payable	₱368	₱369	Various personal and car insurance payable
Miscellaneous liabilities	-	1,872	Advance payment of security deposits from various tenants
Interest income	67,649	-	Income on receivables from customers and interbank loans receivables
Trading and securities loss	499	-	Loss from securities transactions
Rental income	7,785	-	Income from leasing agreements with various lease terms
Bank commission	1,936	-	Commission income on ATM service fees
Miscellaneous income	3,751	-	Service income received from insourcing agreements
Insurance expense	60,997	-	Payment of insurance premium
Interest expense	1,075	-	Interest on deposit liabilities
Rent expense	1,950	-	Payment of rent expense to various lessors
Securities transactions			
Outright purchases	3,269,725	-	Outright purchase of FVTPL and FVOCI investments
Outright sales	(50,000)	-	Outright sale of FVTPL and FVOCI investments
Key Personnel			
Receivables from customers	-	11,068	Unsecured, no impairment, with annual fixed interest rates of 6.00% and maturities ranging from 2 to 10 years
Availments	3,699	-	
Maturities	(1,444)	-	Utilities and rental charges
Interest income	824	-	Interest income from loans
December 31, 2020			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	₱643,918	₱1,374,327	Peso and foreign denominated deposit with 2.50% fixed interest rates and maturities ranging from 360 days
Interbank loans receivable	-	-	Peso-denominated lending with 4.00% to 5.09% fixed interest rates and maturities ranging from 1 to 3 days
Placements	32,381,000	-	
Maturities	(32,381,000)	-	
Investment securities at amortized cost	59,581	59,581	Pledged for security of MBTC's payroll account with the Bank.
Accounts receivable (payable)	(208)	(1,909)	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	1,763	1,834	Security deposits on lease contracts
Miscellaneous liabilities	(323)	5,919	Advance payments of security deposits
Accrued other expense payable	36,124	68,584	Outstanding information technology expense payable, charges on current and savings accounts processing
Interest income	4,329	-	Income on deposits and interbank loans receivables
Rental income	8,209	-	Income from leasing agreements with various lease terms ranging from 2 to 5 years
Miscellaneous income	9,947	-	Income received from ATM service fees, rental and utilities
Information technology expense	121,476	-	Payment of information technology expenses
Trading and security loss	57,038	-	Gain from securities transactions
Securities transactions			
Outright purchases	4,892,130	-	Outright purchase of FVTPL, FVOCI and investment at amortized cost
Outright sales	(3,166,130)	-	Outright sale of FVTPL, FVOCI and investment at amortized cost
Joint Venture			
Investment in a joint venture	(50,305)	705,477	Outstanding balance of capital investment in SMFC; movements in outstanding balance pertain to share in net income and other comprehensive income less dividends received
Dividends from joint venture	53,280	-	Dividends from SMFC
Accounts receivable	(648)	217	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	464,130	488,007	Demand and short-term peso time deposits with annual fixed rates of 1.25%
Rental income	14,028	-	Income from leasing agreements
Miscellaneous income	4,752	-	
Interest expense	722	-	Interest on deposit liabilities with 1.25% annual fixed rate
Other Related Parties (DOSRI/Indirect)			
Receivable from customers	-	1,172,389	Loans granted bear interest of ranging 3.00% to 7.38% with 1 to 10 years term (excluding key personnel); mostly unsecured; no impairment
Availments	1,165,264	-	
Maturities	987,300	-	
Miscellaneous assets	(187)	2,597	Three months advance security deposits
Accounts receivable	372	6,693	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid expense	(3,221)	6,773	Payment for various policy renewals
Deposit liabilities	226,204	915,051	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 3.50%
Bills payable	-	-	Peso denominated borrowing with 4.00% to 5.00% fixed interest rates and maturities ranging from 1 to 3 days
Deposits/placements	2,700,000	-	
Withdrawals/maturities	(2,700,000)	-	
Accrued other expense payable	-	1,151	Outstanding group life insurance
Accounts payable	(4,055)	2	Various personal and car insurance payable
Miscellaneous liabilities	1,872	1,872	Advance payment of security deposits from various tenants

(Forward)



Category	December 31, 2020		
	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Interest income	₱63,020	₱-	Income on receivables from customers and interbank loans receivables
Trading and securities loss	-	-	Loss from securities transactions
Rental income	15,995	-	Income from leasing agreements with various lease terms
Bank commission	2,415	-	Commission income on ATM service fees
Miscellaneous income	3,931	-	Service income from referral fees on approved credit card issuances and bank insurance with rates ranging from 2.00% to 10.00%
Insurance expense	75,849	-	Payment of insurance premium
Interest expense	12,410	-	Interest on deposit liabilities and bills payable
Rent expense	485	-	Payment of rent expense to various lessors
Securities transactions			
Outright purchases	4,415,710	-	Outright purchase of FVTPL and FVOCI
Outright sales	-	-	Outright sale of FVTPL and FVOCI
Key Personnel			
Receivables from customers	-	8,813	Unsecured, no impairment, with annual fixed interest rates of 6.00% and maturities ranging from 2 to 10 years
Availments	2,430	-	
Maturities	(4,946)	-	
Interest income	849	-	Interest income from loans

30. Trust Operations

Securities and other resources held by the Bank in fiduciary or agency capacity for its customers are not included in the accompanying statements of condition since these are not assets of the Bank.

As of December 31, 2022 and 2021, the Bank deposited government securities with carrying value of ₱180.5 million and ₱128.4 million, respectively, in compliance with trust regulations (Note 8).

In compliance with existing banking regulations, the Bank transferred from surplus to surplus reserve the amount of ₱2.5 million and ₱2.3 million, which corresponds to 10.00% of the net income realized from the Bank's Trust Department in 2022 and 2021, respectively.

31. Commitments and Contingent Liabilities

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are not reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.

Commitments and Contingencies

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2022	2021
Trust department accounts (Note 30)	₱8,825,860,829	₱9,967,034,659
Stand-by credit lines	122,000,000	21,100,000
Spot foreign exchange and contracts sale	27,877,500	25,499,500
Late deposits/payments received	3,288,413	-
Items held for safekeeping	240,348	308,743
Others	60,626	63,528

Also, several suits and claims, on behalf of or against the Bank in relation to its banking operations and labor-related cases are pending before the courts and quasi-judicial bodies. The Bank and its legal counsel believe that any losses arising from suits and claims which are not specifically provided for will not have a material adverse effect on the financial statements.



32. Notes to Statements of Cash Flows

The following is a summary of principal non-cash activities that relate to the analysis of the statements of cash flows:

	2022	2021	2020
Additions to chattel mortgage in settlement of loans (Note 14)	₱1,978,930,122	₱3,866,091,965	₱3,753,346,148
Additions to investment properties in settlement of loans (Note 12)	1,438,182,517	703,230,662	457,713,276
Recognition of right-of-use assets (Note 11) and lease liabilities (Note 25)	523,368,707	330,419,191	243,849,256
Fair value changes in financial assets at FVOCI (Note 8)	(40,764,785)	(13,033,150)	278,577,437
Cost adjustment on intangible assets (Note 13)	-	-	8,281,794
Net retirement of right-of-use assets (Note 11) and lease liabilities (Note 25)	-	-	(605,028)
Cumulative translation adjustment	(756,081)	(485,670)	327,675

The table below provides for the changes in liabilities arising from financing activities in 2022 and 2021 (in millions):

	Bills Payable	Bonds Payable	Lease Liabilities	Total Liabilities from Financing Activities
January 1, 2022	₱-	₱4,633	₱1,279	₱5,912
Cash flows from availments	9,850	-	-	9,850
Cash flows from settlement	(8,664)	-	(559)	(9,223)
Foreign exchange movement	-	-	-	-
Others	-	15	603	618
December 31, 2022	₱1,186	₱4,648	₱1,323	₱7,157

	Bills Payable	Bonds Payable	Lease Liabilities	Total Liabilities from Financing Activities
January 1, 2021	₱-	₱10,902	₱1,342	₱12,244
Cash flows from availments	414	-	-	414
Cash flows from settlement	(414)	(6,300)	(479)	(7,193)
Foreign exchange movement	-	-	-	-
Others	-	31	416	447
December 31, 2021	₱-	₱4,633	₱1,279	₱5,912

Others include amortization of bills payable and bonds payable, additions to lease liabilities, and accretion and termination of lease liabilities.

As of December 31, 2022 and 2021, the Bank recognized allowance for credit losses from 'Due from BSP' and 'Due from other banks' as follows:

	2022	2021
Due from BSP	₱-	₱1,174,300
Due from other banks	14,670,774	1,098,686
	₱14,670,774	₱2,272,986



33. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Bank to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding table.

Financial assets

As of December 31, 2022 and 2021, there were no derivative assets.

December 31, 2022						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	Effect of remaining rights of set-off (including rights to set-off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d] [e]
				Financial instruments [d]	Fair value of financial collateral	
SPURA (Note 7)	₱2,651,203,416	₱-	₱2,651,203,416	₱-	₱2,651,203,416	₱-

December 31, 2021						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	Effect of remaining rights of set-off (including rights to set-off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d] [e]
				Financial instruments [d]	Fair value of financial collateral	
SPURA (Note 7)	₱4,532,877,908	₱-	₱4,532,877,908	₱-	₱4,535,528,971	₱-

Financial liabilities

As of December 31, 2022 and 2021, there were no outstanding foreign currency swaps and forwards.

December 31, 2022						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	Effect of remaining rights of set-off (including rights to set-off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d] [e]
				Financial instruments [d]	Fair value of financial collateral	
SSURA (Note 17)	₱1,185,944,975	₱-	₱1,185,944,975	₱-	₱1,382,583,831	₱-

34. Subsequent Events

Cash Dividend Declaration

On January 26, 2023, the BOD of the Bank approved the declaration of a 7.50% regular cash dividend for the fourth quarter of 2022 for stockholders on record as of February 10, 2023 amounting to ₱320.1 million or ₱0.75 per share, to be paid on February 27, 2023.

35. Approval for the Release of the Financial Statements

The accompanying comparative financial statements by the Bank were authorized for issue by the BOD on February 23, 2023.



36. Supplementary Information Required Under BSP Circular No. 1074

On January 8, 2020, the Monetary Board (MB) amended BSP Circular No. 1074, requiring Banks to include the additional information on the following:

Financial Performance

The following basic ratios measure the financial performance of the Bank:

	2022	2021	2020
Return on average equity	10.21%	4.44%	3.21%
Return on average assets	1.40%	0.64%	0.50%
Net interest margin on average earning assets	4.66%	5.81%	7.26%
Current ratio	62.35%	65.57%	43.60%
Debt-to-equity ratio	6:11:1	6.50:1	5:36:1
Asset-to-equity ratio	7:11:1	7.50:1	6:36:1
Interest rate coverage ratio	2:52:1	2.51:1	1:31:1

Capital Instruments Issued

The Bank considers common stock as capital instruments eligible as Tier 1 and Tier 2 capital as of December 31, 2022 and 2021.

Significant Credit Exposures as to Industry/Economic Sector

Loan concentration as to economic activity follows (gross of unearned discounts, modification loss and allowance for credit losses):

	2022	%	2021	%
Activities of households as employers and undifferentiated goods-and-services producing activities of households for own use	₱63,639,932,112	57.03%	₱61,667,399,708	54.32%
Real estate activities	37,408,126,369	33.52%	40,119,887,182	35.34%
Wholesale and retail trade, repair of motor vehicles and motorcycles	2,017,598,092	1.81%	2,114,514,054	1.86%
Electricity, gas, steam and air-conditioning supply	1,340,454,353	1.20%	1,659,095,301	1.46%
Financial and insurance activities	1,278,001,269	1.15%	1,179,564,580	1.04%
Transportation and storage	913,034,694	0.82%	1,007,628,902	0.89%
Construction	611,326,312	0.55%	731,122,211	0.64%
Manufacturing	567,888,302	0.51%	650,873,696	0.57%
Administrative and support service activities	329,226,111	0.30%	424,041,758	0.37%
Accommodation and food service activities	189,313,909	0.17%	309,925,265	0.27%
Professional, scientific and technical activities	132,444,731	0.12%	124,626,806	0.11%
Education	118,663,386	0.11%	136,667,404	0.12%
Human health and social work activities	112,016,707	0.10%	164,649,094	0.15%
Information and communication	75,489,198	0.07%	81,261,173	0.07%
Arts, entertainment and recreation	72,203,103	0.06%	94,065,201	0.08%
Agriculture, forestry and fishing	70,896,310	0.06%	64,293,253	0.06%
Water supply, sewerage, waste management and remediation activities	43,296,906	0.04%	54,329,723	0.05%
Mining and quarrying	4,705,062	0.00%	18,235,240	0.02%
Others	2,663,873,735	2.39%	2,925,163,754	2.58%
	₱111,588,490,661	100.00%	₱113,527,344,305	100.00%

Others relate to other service activities including the activities of membership organizations, repair of computers, personal and household goods and a variety of personal service activities not covered elsewhere in the classification above.



Breakdowns of Total Loans as to Security

The breakdown of loans and receivables from customers (gross of unearned discounts, modification loss and allowance for credit losses) as to secured and unsecured and as to type of security follows:

	2022	%	2021	%
Secured by:				
Chattel	₱50,754,005,073	45.48%	₱53,141,010,629	46.81%
Real estate	30,172,737,600	27.04%	32,642,162,497	28.75%
Deposit hold-out	597,964,616	0.54%	505,841,926	0.45%
	81,524,707,289	73.06%	86,289,015,052	76.01%
Unsecured	30,063,783,372	26.94%	27,238,329,253	23.99%
	₱111,588,490,661	100.00%	₱113,527,344,305	100.00%

Breakdown of Total Loans as to Status

Details of non-performing loans (NPL) follow:

	2022	2021
Secured	₱2,882,518,252	₱5,264,508,163
Unsecured	1,154,927,621	1,865,349,291
	₱4,037,445,873	₱7,129,857,454

Generally, NPLs refer to loans, investments, receivables, or any financial asset, even without any missed contractual payments, that satisfy any of the following conditions:

1. Impaired under existing accounting standards;
2. Classified as doubtful or loss;
3. In litigation, and/or;
4. There is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any.

All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are:

1. Unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.
2. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due.
3. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

The NPLs of the Bank not fully covered by allowance for credit losses follow:

	2022	2021
Total NPLs	₱4,037,445,873	₱7,129,857,454
Less NPLs fully covered by allowance for credit losses	977,859,235	1,728,737,382
	₱3,059,586,638	₱5,401,120,072

Restructured loans as of December 31, 2022 and 2021 amounted to ₱98.8 million, and ₱58.4 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling ₱0.6 billion and ₱0.5 billion as of December 31, 2022 and 2021, respectively.

Information on Related Party Loans

As required under existing BSP rules and regulations, the Bank discloses loans and other credit accommodations granted to its DOSRI. These loans and other credit accommodations were made substantially on the same terms as with other individuals and businesses of comparable risks and were subject of prior BOD approval and entailing BSP reportorial requirements.



Existing banking regulations also limit the total amount of credit exposure to each of the Bank's DOSRIs, at least 70.00% of which must be secured, to the total of their respective deposits and book value of their respective unencumbered deposits and, if any, book value of their respective paid-in capital contribution in the Bank. In the aggregate, the Bank's total credit exposure to all its DOSRIs should not exceed its net worth or 15.00% of its total loan portfolio, whichever is lower, with any unsecured portion thereof not exceeding the lower between 30.00% of the aggregate limit or of the total actual exposure. However, loans and other credit accommodations to DOSRIs that are secured by assets considered by the BSP as non-risk are exempt from these ceilings. As of December 31, 2022, and 2021, the Bank's credit exposures to DOSRI are within the said regulatory limits.

BSP Circular No. 423 dated March 15, 2004, as amended by BSP Circular No. 914 dated June 23, 2016, provide the rules and regulations governing credit exposures to DOSRI. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to BSP Circular No. 423 and new DOSRI loans and other credit accommodations granted under said circular as of December 31, 2022 and 2021 (in thousands):

	2022		2021	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	₱199,011	₱1,154,011	₱201,380	₱1,166,380
Percent of DOSRI/Related Party loans to total loan portfolio	0.18%	1.03%	0.18%	1.03%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	95.04%	99.15%	94.51%	99.05%
Percent of past-due DOSRI /Related Party loans to total DOSRI/Related Party loans	0.00%	0.00%	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI /Related Party loans	0.00%	0.00%	0.00%	0.00%

Total interest income from DOSRI loans amounted to ₱0.6 million in 2022 and 2021, and ₱0.9 million in 2020.

Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2022, investment securities at amortized cost include Bureau of Treasury bonds pledged by the Bank to MBTC to secure its payroll account with the Bank, with total carrying value of ₱60.1 million.

As of December 31, 2021, financial assets at FVOCI include Bureau of Treasury bonds pledged by the Bank to MBTC to secure its payroll account with the Bank, with total carrying value of ₱59.7 million.

Commitments and Contingencies

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2022	2021
Trust department accounts (Note 30)	₱8,825,860,829	₱9,967,034,659
Stand-by credit lines	122,000,000	21,100,000
Spot foreign exchange and contracts sale	27,877,500	25,499,500
Late deposits/payments received	3,288,413	—
Items held for safekeeping	240,348	308,743
Others	60,626	63,528



37. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002. The regulations provide that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Bank reported and/or paid the following types of taxes for the year:

Taxes and Licenses

For the taxable year ended December 31, 2022, taxes and licenses of the Bank consist of:

Gross receipts tax	₱763,931,007
Documentary stamps tax	758,201,902
Local taxes	82,951,654
Fringe benefit tax	7,841,754
	<hr/>
	₱1,612,926,317

Withholding Taxes

As of December 31, 2022, total remittances and balance of withholding taxes are as follows:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱454,119,798	₱25,353,200
Final withholding taxes	339,360,026	86,268,435
Expanded withholding taxes	85,025,405	8,943,863
	<hr/>	<hr/>
	₱878,505,229	₱120,565,498

Tax Assessment

The Bank has no ongoing tax assessment as of December 31, 2022.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine Savings Bank
PSBank Center
777 Paseo de Roxas corner Sedeño Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philippine Savings Bank (the Bank) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated February 23, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Bank's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Veronica Mae A. Arce

Partner

CPA Certificate No. 0117208

Tax Identification No. 234-282-413

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0117208-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024

PTR No. 9369772, January 3, 2023, Makati City

February 23, 2023



PHILIPPINE SAVINGS BANK
INDEX TO THE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

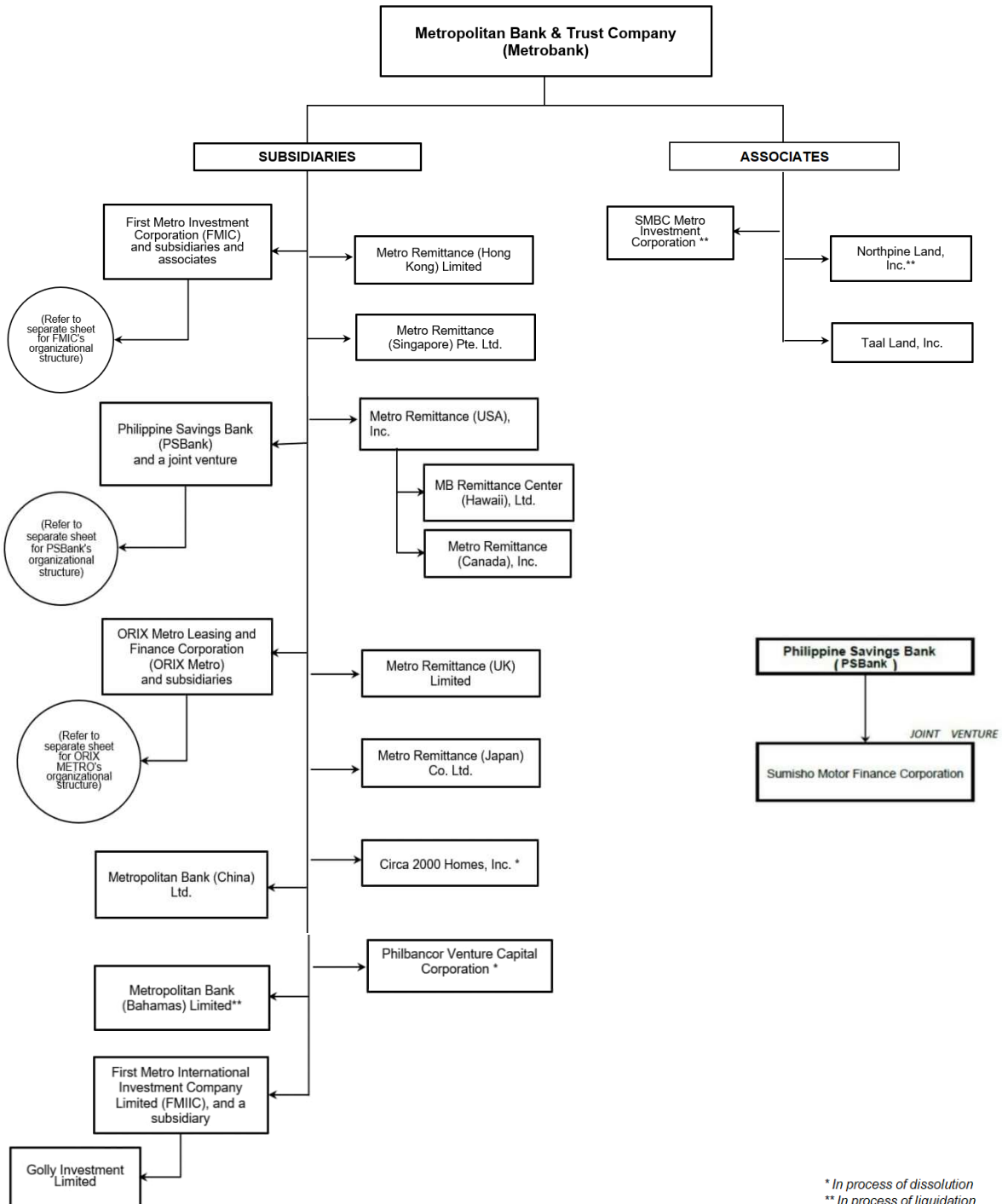
- I. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)
- II. Map of the Relationships of the Companies within the Group
- III. Supplementary Schedules Required by Annex 68-J
 - A. Financial Assets
 - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
 - D. Long-term Debt
 - E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
 - F. Guarantees of Securities of Other Issuers
 - G. Capital Stock

PHILIPPINE SAVINGS BANK**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION (ANNEX 68-D)
AS OF DECEMBER 31, 2022**

Unappropriated Retained Earnings, 12/31/2022		₱18,812,148,450
Prior year adjustments		
Less: Non-accrual/unrealized income net of tax		
Equity in net income of a joint venture	(172,193,553)	
Unrealized foreign exchange gains – net	(21,984,184)	
Unrealized gains on investment properties	(1,249,537,026)	
Recognized deferred tax assets	(365,824,691)	
Mark to market gains on FVTPL	5,488	(1,809,533,966)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		17,002,614,484
Net Income during the period closed to Retained Earnings		3,678,428,259
Less: Non-accrual/unrealized income net of tax		
Equity in net income of a joint venture	(53,358,489)	
Unrealized foreign exchange gains - net	29,921,123	
Unrealized gains on investment properties	(348,967,512)	
Recognized deferred tax assets	335,219,072	
Mark to market gains on FVTPL	3,338	(37,182,468)
Net income actually earned during the period		3,641,245,791
Less:		
Dividend declarations during the period		(1,280,578,248)
Appropriations of Surplus Reserves during the period		(2,507,747)
Retained Earnings Available for Dividend Distribution		₱19,360,774,280

PHILIPPINE SAVINGS BANK

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP AS OF DECEMBER 31, 2022



PHILIPPINE SAVINGS BANK

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

SCHEDULE A – FINANCIAL ASSETS

AS OF DECEMBER 31, 2022

Name of Issuing Entity and Association of Each Issue (i)	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Condition (ii)	Valued based on Market Quotation at End of Reporting Period (iii)	Income Received and Accrued
Fair Value through Profit or Loss (FVTPL) Investments				
Government Bonds	₱46,521	₱35,875	₱35,875	₱669
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Debt Securities				
Government Bonds				
Peso-denominated	₱68,000,000,000	₱67,856,881,091	₱67,856,881,091	₱–
Treasury Notes				
Peso-denominated	185,936,467	182,419,586	182,419,586	7,367
Private Corporation				
Peso-denominated	1,650,000,000	1,600,771,597	1,600,771,597	14,988,335
	69,835,936,467	69,640,072,274	69,640,072,274	14,995,702
Equity Securities	6,594,720	20,643,608	20,643,608	–
	₱69,842,531,187	₱69,660,715,882	₱69,660,715,882	₱14,995,702
Investment Securities at Amortized Cost				
Government Bonds				
Peso-denominated	₱9,786,786,660	₱12,332,849,172	₱12,332,849,172	₱287,823,423
Treasury Notes				
Dollar-denominated	15,682,565,000	15,585,113,062	15,585,113,062	158,560,760
Private Corporation				
Peso-denominated	1,399,980,000	1,398,379,993	1,398,379,993	10,802,286
Dollar-denominated	1,092,686,490	1,105,942,477	1,105,942,477	16,605,610
	₱27,962,018,150	₱30,422,284,704	₱30,422,284,704	₱473,792,079
	₱97,804,595,858	₱100,083,036,461	₱100,083,036,461	₱488,788,451

- (i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two per cent of total assets.
- (ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective Statements of Condition caption or captions.
- (iii) This column may be omitted if all amounts that would be shown are the same as in the immediate preceding column.

PHILIPPINE SAVINGS BANK

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

**SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)**

AS OF DECEMBER 31, 2022

Name and Designation of Debtor (i)	Balance at Beginning of the Period	Additions	Amounts Collected (ii)	Amounts Written-off (iii)	Current	Not Current	Balance at End of Period
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NONE TO REPORT

Note: Transactions to these parties are made in the ordinary course of business.

- (i) Show separately accounts receivables and note receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms or repayment and collateral, if any.
- (ii) If collection was other than in cash, explain.
- (iii) Give reasons for write-off.

PHILIPPINE SAVINGS BANK

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES

WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

Name and Designation of debtors	Balance at Beginning of Period	Additions	Amounts Collected (i)	Amounts Written Off (ii)	Current	Not Current	Balance at End of Period
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NOT APPLICABLE

(i) If collection was other than in cash, explain.

(ii) Give reasons for write off.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE D – LONG-TERM DEBT****AS OF DECEMBER 31, 2022**

Title of Issue and Type of Obligation (i)	Amount Authorized by Indenture	Amount shown under Caption “Current Portion of Long-Term Debt” in related Statement of Condition (ii)	Amount shown under Caption “Long-Term Debt” in related Statement of Condition (iii)	Interest Rate	Maturity Date
Bonds Payable	₱4,650,000,000	₱4,648,449,939	₱–	4.50%	February 4, 2023

(i) Include in this column each type of obligation authorized.

(ii) This column is to be totaled to correspond to the related Statements of Condition caption.

(iii) Include in this column details as to interest rates, amounts or number of periodic installments, and maturity dates.

PHILIPPINE SAVINGS BANK

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

AS OF DECEMBER 31, 2022

Name of Related Party (i)	Balance at Beginning of Period	Balance at the End of Period (ii)
--------------------------------------	---	--

NONE TO REPORT

- (i) The related parties named shall be grouped as in Schedule C. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.
- (ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of ten per cent (10%) of the related balance at either the beginning or end of the period.

PHILIPPINE SAVINGS BANK

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS

AS OF DECEMBER 31, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding (i)	Amount Owned by Person for which Statement is Filed	Nature of Guarantee (ii)
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NONE TO REPORT

- (i) Indicate in a note any significant changes since the date of the last Statements of Condition filed. If this schedule is filed in support of Consolidated Financial Statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the Consolidated Statements of Condition.
- (ii) There must be a brief statement of the nature of the guarantee, such as “Guarantee of principal and interest”, “Guarantee of interest”, or “Guarantee of dividends”. If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE G – CAPITAL STOCK****AS OF DECEMBER 31, 2022**

Title of Issue (i)	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under related Statement of Condition Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties (ii)	Directors, Officers, and Employees	Others (iii)
Common Stock - ₱10 par value	600,000,000	426,859,416	–	377,279,068	4,459,642	45,120,706

- (i) Include in this column each type of issue authorized.
- (ii) Related Parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.
- (iii) Indicate in a note any significant changes since the date of the last Statements of Condition filed.

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Philippine Savings Bank
PSBank Center
777 Paseo de Roxas corner Sedeño Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philippine Savings Bank (the Bank) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated February 23, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Veronica Mae A. Arce

Partner

CPA Certificate No. 0117208

Tax Identification No. 234-282-413

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0117208-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024

PTR No. 9369772, January 3, 2023, Makati City

February 23, 2023



PHILIPPINE SAVINGS BANK
SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATOR
(ANNEX 68-E)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	December 31, 2022	December 31, 2021
PROFITABILITY RATIOS		
Return on Assets		
<u>Net Income</u>	1.40%	0.64%
Average Total Resources		
Return on Equity		
<u>Net Income</u>	10.21%	4.44%
Average Stockholders' Equity		
Net Interest Margin		
<u>Net Interest Income</u>	4.66%	5.81%
Average Earning Assets		
Cost to Income Ratio		
Operating Expenses Excluding Provision for Impairment and Credit Losses and Income Taxes	60.06%	58.61%
Net Interest Income + Operating Income		
SOLVENCY RATIOS		
Debt to Equity Ratio		
<u>Total Liabilities</u>	6:11:1	6.50:1
Total Stockholders' Equity		
Asset-to-Equity Ratio		
<u>Total Assets</u>	7:11:1	7.50:1
Total Stockholders' Equity		
Interest Rate Coverage Ratio		
<u>Earnings Before Interest and Taxes</u>	2:52:1	2.51:1
Interest Expense		
LIQUIDITY RATIOS		
Liquidity/Current Ratio		
<u>Current Assets</u>	62.41%	65.57%
Current Liabilities		
Loans to Deposit Ratio		
<u>Gross Loans</u>	52.11%	52.23%
Total Deposits		
Capital Adequacy Ratio		
<u>Total Qualifying Capital</u>	24.85%	24.29%
Total Risk-Weighted Assets		

PHILIPPINE SAVINGS BANK
EVENTS REPORTED UNDER FORM 17-C
(Reports filed during the year 2022)

No.	Particulars	Date Reported
1	PSBank reported the following information as of December 31, 2021: 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders	January 18, 2022
2	PSBank reported that the Board of Directors, in its meeting held on 17 January 2022, passed a resolution declaring a 7.5% Regular Cash Dividend for the fourth quarter of 2021 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 02 February 2022 and will be paid no later than the Payment Date of 16 February 2022.	January 18, 2022
3	PSBank reported that the Board of Directors, in its meeting held on 17 January 2022, passed a resolution on the following: 1) Scheduling of the Annual Stockholders Meeting on April 25, 2022 at 3 o'clock in the afternoon via CISCO WEBEX, a secure online/virtual meeting application platform, as part of the Bank's continuous preventive and security efforts for its employees and stakeholders in relation to the ongoing COVID-19 crisis and pursuant to the applicable SEC regulations on meeting via remote communication; 2) Setting March 1, 2022 as the Record Date for determining stockholders entitled to notice and to vote in the Meeting; and 3) Granting of authority to Mr. Jose Vicente L. Alde, PSBank President, to change the date, time and place of the Meeting as well as the record date and to decide on such other related matters as may be required by the regulators and other exigencies; and to sign, execute and deliver any and all documents and to do and perform any and all acts as may be necessary to carry into effect the intents and purposes of the foregoing.	January 18, 2022
4	PSBank reported the attendance of the Board of Directors with a corresponding certification issued by our Corporate Secretary, Mr. Perfecto Ramon Z. Dimayuga, Jr. and also the attendance of the Principal / Key Officers of Philippine Savings Bank in the Corporate Governance Seminars / Webinars held on March 5 and 12, 2021.	January 28, 2022
5	PSBank reported its financial results for year-end 2021.	March 1, 2022
6	In compliance with the SEC Notice dated February 16, 2022 on the alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting ("ASM") for 2022, PSBank reported that the 2022 Notice of Annual Stockholders' Meeting was published in two (2) newspapers of general circulation (print and online) on March 29 and 30, 2022. Accordingly, the same had been disclosed to the Philippine Stock Exchange (PSE) pursuant to applicable PSE regulations.	March 31, 2022
7	PSBank reported the information regarding Philippine Savings Bank's (PSBank) Issuer Rating with Philippine Rating Services Corporation (Philratings)	April 13, 2022
8	PSBank reported the following information as of March 31, 2022: 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders	April 20, 2022
9	PSBank reported that the Board of Directors, in its meeting held on 25 April 2022, passed a resolution declaring a 7.5% Regular Cash Dividend for the first quarter of 2022 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 11 May 2022 and will be paid no later than the Payment Date of 25 May 2022.	April 27, 2022
10	PSBank reported the results of its Annual Stockholders' Meeting held on 25 April 2022.	April 27, 2022
11	PSBank reported the results of its Organizational Meeting held on 25 April 2022.	April 27, 2022
12	PSBank reported its financial results for the first quarter of 2022.	May 5, 2022

No.	Particulars	Date Reported
13	PSBank reported the following information as of June 30, 2022: <ol style="list-style-type: none"> 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders 	July 18, 2022
14	PSBank reported that the Board of Directors, in its meeting held on 21 July 2022, passed a resolution declaring a 7.5% Regular Cash Dividend for the second quarter of 2022 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 05 August 2022 and will be paid no later than the Payment Date of 22 August 2022.	July 25, 2022
15	PSBank reported its financial results for the first half of 2022.	August 5, 2022
16	PSBank reported that the Board of Directors, in its meeting held on August 25, 2022, passed a resolution approving the promotion of the following two (2) Senior Officers from First Vice President to Senior Vice President effective September 1, 2022: <ol style="list-style-type: none"> 1. Mr. Dan Jose D. Duplito 2. Ms. Edeza A. Que 	August 30, 2022
17	PSBank reported the following information as of September 30, 2022: <ol style="list-style-type: none"> 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders 	October 18, 2022
18	PSBank reported that the Board of Directors, in its meeting held on 20 October 2022, passed a resolution declaring a 7.5% Regular Cash Dividend for the third quarter of 2022 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 07 November 2022 and will be paid no later than the Payment Date of 21 November 2022.	October 21, 2022
19	PSBank reported its financial results for third quarter of 2022.	November 9, 2022

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE T. PARDO**, Filipino, of legal age and a resident of 704 Acacia Avenue, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since 2007.

2. I am affiliated with the following companies or organizations (including Government- Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
PUBLICLY LISTED CORPORATIONS:		
1. JG Summit Holdings, Inc.	Independent Director	2003 to present
2. Philippine Stock Exchange	Chairman/ Independent Director	2011 to present
3. Philippine Seven Corporation	Chairman/ Independent Director	2015 to present
4. Del Monte Philippines, Inc.	Independent Director	2018 to present
5. Bank of Commerce	Chairman, Board of Advisers	2022 to present
PRIVATE/NON-PUBLICLY LISTED CORPORATIONS:		
1. National Grid Corporation of the Philippines (NGCP)	Non-Executive Director	2009 to present
2. Securities Clearing Corporation of the Philippines	Chairman/Independent Director	2011 to present
3. Araneta Hotels, Inc. (Novotel)	Independent Director	2016 to present
4. League One Finance and Leasing Corporation	Independent Director	2016 to present
5. Radio Veritas Global Broadcasting System Inc.	Director	2006 to present
CIVIC/NON-PROFIT ORGANIZATIONS:		
1. PCCI Council of Business Leaders	Chairman (Non-Executive)	2007 to present
2. ECOP Council of Business Leaders	Chairman (Non-Executive)	2009 to present
3. Philippine Stock Exchange Foundation (Non-Profit Foundation)	Chairman and Board of Trustees	2021 to present
4. Bayaning Pulis Foundation (Non-Profit Foundation)	Director, Board of Trustees	2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A


6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

MAR 01 2023.

Done, this _____ day of _____, at **MAKATI CITY**


JOSE T. PARDO
Affiant

MAR 01 2023.

MAKATI CITY

SUBSCRIBED AND SWORN TO before me this _____ day of _____, at _____
affiant exhibiting to me his Passport No. _____ issued on _____ at _____

Doc. No. 342
Page No. 70
Book No. 06
Series of 2023.

ATTY. ROMEO S. MASANGYA, JR.

ROLL NO. 45164

NOTARY PUBLIC FOR MAKATI CITY

APPOINTMENT NO. M-028 UNTIL DECEMBER 31, 2024

MCLE COMPLIANCE NO. VII-0005349 APRIL 14, 2025

IBP LIFETIME NO. 018663. 01/03/2018 MAKATI CITY

PTR NO. 9565013. 01/03/2023 MAKATI CITY

MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS

COR. SEDEÑO ST. MAKATI CITY

TEL NO. (02)8511-8042

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FRANCISCO S. MAGSAJO, JR.**, Filipino, of legal age and a resident of 16 Kalayaan St., Kawilihan Village, Brgy. Bagong Ilog, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Philippine Savings Bank and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
PHILIPPINE VETERANS BANK	DIRECTOR	2020 to present
INTERVEST PROJECTS, INC.	DIRECTOR	2020 to present
INTERVEST INSURANCE AGENCY, INC.	DIRECTOR	2020 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

MAR 01 2023


Done, this _____ day of _____, at MAKATI CITY


Francisco S. Magsajo, Jr.
Affiant

MAR 01 2023 

SUBSCRIBED AND SWORN TO before me this _____ day of _____, at _____
affiant exhibiting to me his Driver's License No. }

Doc. No. 345
Page No. 70
Book No. 06
Series of 2023.


ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-028 UNTIL DECEMBER 31, 2024
MCLE COMPLIANCE NO. VII-000549 APRIL 14, 2025
IBP LIFETIME NO. 018663. 01/03/2018 MAKATI CITY
PTR NO. 9565013. 01/03/2023 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDEÑO ST. MAKATI CITY
TEL NO. (02)8511-8042

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SAMSON C. LIM**, Filipino, of legal age and a resident of 956 Stanford Street, Wack Wack Village, Mandaluyong City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since April 2008.

2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations) :

Copy furnish

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
BLIMS LIFESTYLE GROUP (BLG)	CHAIRMAN	2013 to present
COLLINS INTERNATIONAL TRADING CORP.	CHAIRMAN	1977 to present
FRANCORP PHILIPPINES	CHAIRMAN	1996 to present
CANADIAN TOURISM & HOSPITALITY INSTITUTE	PRESIDENT	2011 to present
PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY	DIRECTOR FOR TOURISM & FRANCHISING	2022 to present
PHILIPPINE RETAILERS ASSOCIATION	CHAIRMAN EMERITUS	2000 to present
PHILIPPINE FRANCHISE ASSOCIATION	CHAIRMAN EMERITUS/ INTERNATIONAL RELATION	2005 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable):

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A


6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.


MAR 01 2023

Done, this _____ day of _____, at **MAKATI CITY**


Samson C. Lim
Affiant

SUBSCRIBED AND SWORN to before me this MAR 01 2023 day of _____ at **MAKATI CITY**, affiant personally appeared before me and exhibited to me his Passport No. _____ issued at _____ on _____.

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Page No. 70
Book No. 06
Series of 2023.


ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-028 UNTIL DECEMBER 31, 2024
MCLE COMPLIANCE NO. VII-0005549-APRIL 14, 2025
IBP LIFETIME NO. 018663. 01/03/2018 MAKATI CITY
PTR NO. 9565013. 01/03/2023 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDEÑO ST. MAKATI CITY
TEL NO. (02)8511-8042

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **EDUARDO A. SAHAGUN**, Filipino, of legal age and a resident of 668 Jaleville Subd. San Dionisio, Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since April 2017.

2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations) :

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
UNION GALVASTEEL CORPORATION	MEMBER, BOARD OF DIRECTORS	2010 to present
UNION GALVASTEEL CORPORATION	PRESIDENT & CEO	2017 to present
PHINMA PROPERTY HOLDINGS CORPORATION	MEMBER, BOARD OF DIRECTORS	2016 to present
EDCOMMERCE CORPORATION	CHAIRMAN	2017 to present
PHINMA SOLAR ENERGY CORPORATION	PRESIDENT AND CEO	2017 to present
PHILCEMENT CORPORATION	PRESIDENT AND CEO	2017 to present
PHINMA FOUNDATION INC.	MEMBER, BOARD OF TRUSTEES	2017 to present
T-O INSURANCE BROKERS, INC.	MEMBER, BOARD OF DIRECTORS	2019 to present
PHINMA CORPORATION	MEMBER, BOARD OF DIRECTORS	2021 to present
SONG LAM CEMENT JOINT STOCK COMPANY	MEMBER, BOARD OF DIRECTORS	2021 to present
CAGAYAN DE ORO COLLEGE, INC.	MEMBER, BOARD OF DIRECTORS	2021 to present
FIRST BATANGAS HOTEL CORPORATION	MEMBER, BOARD OF DIRECTORS	2021 to present
PHILCEMENT CORPORATION	MEMBER, BOARD OF DIRECTORS	2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable):

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A


6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

MAR 01 2023

Done, this _____ day of _____, at **MAKATI CITY**


Eduardo A. Sahagun
Affiant

MAR 01 2023

SUBSCRIBED AND SWORN TO before me this _____ day of _____, at
MAKATI CITY, affiant exhibiting to me his Passport No. _____ issued on
at

Doc. No. 344
Page No. 70
Book No. 0
Series of 2023.

ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-028 UNTIL DECEMBER 31, 2024
MCLE COMPLIANCE NO. VII-0005549 APRIL 14, 2025
IBP LIFETIME NO. 018683. 01/03/2018 MAKATI CITY
PTR NO. 9565013. 01/03/2023 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDEÑO ST. MAKATI CITY
TEL NO. (02)8511-8042

PHILIPPINE SAVINGS BANK
PSBank Centre, 777 Paseo de Roxas, Makati City

LIST OF STOCKHOLDER AND THEIR STOCKHOLDINGS
As of March 10, 2023

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1 A.V. CASTILLO & SONS, INC.	4,114	
2 ABAD, LUZ A.	699	
3 ABALOS, MARINA S.	1,354	
4 ABAY, MARTIN CO	23	
5 ABEJO, SALUD	842	
6 ABELLA, PETER	836	
7 ABORDO, LUIS A.	397	
8 ABRATIQUE, FRANCISCO M.	1,191	
9 ABRERA, ROSALINA S.	582	
10 ABUEG, JOSE MARTE A. &/OR BETHINA ABUEG	943	
11 ACAP, MARLYN P.	699	
12 ACAS, LEAH S.	334	
13 ADAMOS, CHARITY ANNE Q.	417	
14 ADVINCULA, ANITA I.	306	
15 AFRICA, ANTONIO L.	325	
16 AFRICA, JOSE L.	23,961	
17 AGREGADO, BELLA	73	
18 AGREGADO, ELIZABETH V.	84	
19 AGRINTER CORPORATION	5	
20 AGUILA, SUSAN DE MESA	699	
21 AGUILAR, EDMOND T.	21,559	
22 AGUILERA, FELICIDAD	46	
23 AGUSTIN, RHODORA M.	120	
24 AH, ESTER C.	1,343	
25 AH, PAMELA ANN C.	1,343	
26 ALBANIA, PEDRO	1,026	
27 ALCANTARA, FEDERICO C.	382	
28 ALCANTARA, JOSE C.	3,015	
29 ALDE, JOSE VICENTE L.	111	
30 ALEJANDRO, IMELDA A.	69	
31 ALFA CREDITORS FUND	2,820	
32 ALFONSO, ALFONSO JOSE A.	842	
33 ALFONTE, DOMINADOR M.	407	
34 ALIGGUY, JOAQUIN	445	
35 ALIMURUNG, NATIVIDAD N.	280	
36 ALMAZAN, PEDRO	792	
37 ALUNAN, GILDA BRIGIDA C.	178	
38 AMISTOSO, MA. DULCE S.	1,409	
39 AMON SECURITIES CORPORATION A/C# 3	7	
40 AMON SECURITIES CORPORATION A/C#00100001	59	
41 AMON SECURITIES CORPORATION A/C#00109001	7	
42 AMON SECURITIES CORPORATION FAO: MARGARITA O. RECTO	7	
43 AMPIL, JR., FERNANDO R.	3	
44 ANAMA, FELIX D.	5,468	
45 ANG GUAN PIAO	6,309	
46 ANG PO	838	
47 ANG, EDGARD O.	838	
48 ANG, ERICSON O.	838	
49 ANG, ERNESTO O.	838	
50 ANG, FE MA	838	
51 ANG, LEON	838	
52 ANG, LILY T.	947	
53 ANG, LUCIO T.	543	
54 ANG, MARCELINA	11,173	
55 ANG, PUE TIN	2,820	
56 ANG, RODOLFO M.	30	
57 ANG, SONIA ONG	838	
58 ANG, SUSAN SI	209	
59 ANG, TEDDY N.	838	
60 ANGANGCO, RAOUL R.	84	
61 ANGELES, CARLO G.	36	
62 ANGELES, FRANCISCO M.	5,983	
63 ANGELES, GLORIA Y.	74	
64 ANGELES, IRENE G.	1	
65 ANGELES, JOSE C.	466	
66 ANGELES, ROSA C.	21	
67 ANGELES, SIXTO C.	21	
68 ANICETO, OSCAR S.	30	
69 ANTONINO, ARTHUR W.	14	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
70 ANTONIO, JR., ALBERT G.	142	
71 ANTONIO, ROBERTO VIAJE	1,097	
72 AQUINO, ALEX &/OR MARIA TERESA	765	
73 AQUINO, DIOSDADA F.	792	
74 AQUINO, MANOLO E.	145	
75 AQUINO, ROSALIE A.	1,913	
76 ARAGON, ADOLF BAUTISTA	1,051	
77 ARAULLO, JOSE G.	1,400	
78 ARCEBAL, DULCE DAYAN	699	
79 ARCIAGA, ELVIRA M.	334	
80 ARCINAS, BENEDICTO JOSE R.	111	
81 ARENAS, CARMELITA M.	1,973	
82 ASILO, LIWANAG D.	453	
83 ASPERILLA, CONSOLACION O.	106	
84 ASPERILLA, DOMINADOR O.	188	
85 ASPERILLA, SYLVIA R.	316	
86 ATILANO, EMMANUEL S.	2,820	
87 AU, OWEN NATHANIEL S.	5	
88 AU, OWEN NATHANIEL S. ITF LI MARCUS AU	17	
89 AURELIO, ELISEO G.	13,978	
90 AURELIO, MARGIE F.	306	
91 AVENA, PATRICIA G.	1,532	
92 AW, BASILIO Y.	842	
93 AW, BETTY DANTE	842	
94 BACANI, INOCENCIA S.	1,019	
95 BADURIA, JR., JOSE ANTONIO C.	919	
96 BAGATSING, RAMON D.	1,127	
97 BALDEROSA, BUENAFE A.	393	
98 BALDOVI, VICTORIANO F.	1,191	
99 BALLESTEROS, MA. NELIA	306	
100 BANARES, CORAZON R.	1,354	
101 BANARES, LINO B.	1,097	
102 BANGAYAN, SEVERINA L.	792	
103 BAQUIRAN, LAURA B.	79	
104 BAQUIRAN, SERGIO A.	2,820	
105 BARAZON, HERMINIA S.	1,214	
106 BARCELLANO, ERLINDA R.	26	
107 BARCELLANO, ERLINDA R.	842	
108 BARCELON, TERESITA A.	871	
109 BARRETTO, MA. ASUNCION C.	344	
110 BARRETTO, MA. ROSARIO T.	115	
111 BARRETTO, MA. THERESA G.	3,963	
112 BARTOLAY, ADELINA	534	
113 BARTOLOME, JOSE	186	
114 BASA, LUZ	3,973	
115 BASILIO, ILUMINADA	89	
116 BATUGAL, ONDRICO A.	534	
117 BAUTISTA, BASILISA B.	1,729	
118 BAUTISTA, FELICISIMA	699	
119 BAUTISTA, JOSE	104	
120 BAUTISTA, MA. LUISA C.	3	
121 BAUTISTA, PATRICIA M.	368	
122 BAUTISTA, TEOFILA M.	124	
123 BELMONTE, ROSE ANNE	559	
124 BENEDICTO, JUANITO L.	104	
125 BENJAMIN CO CA & CO., INC.	202	
126 BERNALDO, ANGELO D.	842	
127 BERNALDO, ROSARIO S.	127	
128 BERNARDO, ALLAN	152	
129 BERNARDO, JR., HUMAWI	511	
130 BIASON, ANA SOFIA A.	61	
131 BIASON, JOSE LUIS A.	62	
132 BIENVENIDA, ALBERTO E.	381	
133 BISNAR, LUISA L.	699	
134 BLANCO, OFELIA R.	100	
135 BOMBEO, KATHERINE G.	46	
136 BONA, NELSON M.	3,755	
137 BONIFACIO, LOURDES	534	
138 BONNEVIE, MA. LUTGARDA B.	91	
139 BONOAN, TINA M.	3,506	
140 BORJA, JR., ROBERTO C.	20	
141 BORRES, JUN M.	4,596	
142 BORROMEO, MILAGROS N.	838	
143 BORROMEO, VIRGINIA A.	842	
144 BPI T/A# 13301417	111	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
145 BT BROKERAGE (PHILS.), INC.	456	
146 BT BROKERAGE (PHILS.), INC. FAO DF20617	3	
147 BUENAVENTURA, MELANIO	699	
148 BUENVIAJE, RESTITUTO C.	38	
149 BUGAYONG, FIDEL A.	21	
150 BUMATAY-CRUZ, ROSALINA T.	676	
151 BUNCIO, JOCELYN DY	104	
152 BUNCIO, MARTIN DY	14,121	
153 BURGOS, FISCAL FRANCISCO C.	699	
154 BURGOS, FRANCO E.	947	
155 CABA, JR., CATALINO IMPERIAL	3,973	
156 CABAL, AMELIA B.	111	
157 CABALES, JULITA	3,177	
158 CABATIT, BONIFACIO M.	306	
159 CABATUANDO, JOSE A.	473	
160 CABILANGAN, EMMELINE &/OR LORENZO	1,120	
161 CABRERA, ABALEA A.	955	
162 CABREZA, JUAN CARLOS V.	55	
163 CABREZA, MARIETTA V.	55	
164 CAGALINGAN, ALICE GO	699	
165 CALACDAY, JUAN L.	1,051	
166 CALIXTO, LUIS I.	210	
167 CALIXTO, SOCORRO MARIA I.	104	
168 CALLEJA, ROY	852	
169 CALO, MARISSA S.	842	
170 CALUMPANG, LOURDES EMEE A.	239	
171 CAM, EVELYN CRISTINA A.	4,596	
172 CAMACLANG, GREGORIO	466	
173 CAMANAG, JOSEFINA ALARILLA	849	
174 CANCERAN, NYDIA S.	943	
175 CANCIO, DONNA NATIVIDAD T.	365	
176 CAOILI, JENNIFER A.	232	
177 CARAG, AGAPITA	4,792	
178 CARANDANG, NIDA P.	101	
179 CARINGAL, DANIEL R.	980	
180 CARLOS, ROGELIO V.	115	
181 CARLOS, SR., JUAN J.	424	
182 CARNATE, JOSE M.	1,409	
183 CARONAN, LITO T.	842	
184 CARONAN, WANG TIYENG A.	842	
185 CASAS, THELMA S.	511	
186 CASIMIRO, LOURDES C.	86	
187 CASTANEDA, CONSOLACION E.	1,067	
188 CASTANEDA, CORAZON O.	6	
189 CASTILLO, DR. GERARDO M.	947	
190 CASTILLO, MA. ASUNCION T.	2,818	
191 CASTILLO, TERESITA REYES	395	
192 CASTRO, CONSOLACION M.	21	
193 CASTRO, LILIA F.	838	
194 CATAQUIZ, LOURDES S.	4,675	
195 CATIPAY, ERASTO BENITEZ	154	
196 CATOLOS, JONATHAN	919	
197 CATUBAY, MILAGROS M.	860	
198 CAUSAPIN, CATALINA J.	7,969	
199 CAWAI, LOURDES R.	16,162	
200 CBNA MLA OBO AC 6011800001	1	
201 CELESTINO, DOMINADOR	71	
202 CEREZO, ROBERTO	30	
203 CHAM, JESUS C.	104	
204 CHAM, MARGARET TY	111	
205 CHAN, ALEXANDER C.	842	
206 CHAN, ALFRED	842	
207 CHAN, ALICE TIU	842	
208 CHAN, ANDRES	50	
209 CHAN, ANITA L.	842	
210 CHAN, ANTHONY C.	842	
211 CHAN, BENITO L.	842	
212 CHAN, CAROLINA W.	842	
213 CHAN, FU LIN	842	
214 CHAN, HENRY	699	
215 CHAN, HSIEN-CHING	15,320	
216 CHAN, JACQUELINE H.	349	
217 CHAN, JANET C.	842	
218 CHAN, JONATHAN	1,114	
219 CHAN, LETTY A.	933	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
220 CHAN, MAN CHI	699	
221 CHAN, NORMA L.	171	
222 CHAN, RUBY C.	842	
223 CHANG, WILLIAM	1,754	
224 CHAVEZ, JOSELITO R.	1,120	
225 CHAVEZ, MAEBEL V.	838	
226 CHEN, DAVID DARREN	1,337	
227 CHEN, HIU LENG	609	
228 CHENG, BERCK Y. OR ALVIN Y. CHENG OR DIANA Y. CHENG OR CHERYL Y. CHENG	50,138	
229 CHENG, BOTSCHAFT	92	
230 CHENG, CONCEPCION	842	
231 CHIN, TOMMY N. &/OR CHIN SIU HUA	1,378	
232 CHING, ANTONIO M.	176	
233 CHING, JEHNNY DE LARA	842	
234 CHING, LORENZO	3,524	
235 CHIONGBIAN, VICTOR S.	1,061	
236 CHIU, CHRISTOPHER TE	873	
237 CHOA, JOHNNY K.	72,247	
238 CHOA, VICTOR K.	38,021	
239 CHOA, VICTORIA K.	68,940	
240 CHOACHUY, JR., DEWEY	1,070	
241 CHOI, FAILAN A.	838	
242 CHU, AIDA	383	
243 CHU, ANTHONY FREDERICK YU	842	
244 CHU, ANTONIO C.	1,051	
245 CHU, CARLSON G.	3,942	
246 CHU, CONNIE	306	
247 CHU, HENRY	2,612	
248 CHU, JAIME	613	
249 CHU, NELSON	152	
250 CHUA BUN KIONG, JUAN	765	
251 CHUA TEC	3	
252 CHUA, AMELIA S.	699	
253 CHUA, BEATRIZ LIM	276	
254 CHUA, BETTY K.	1,000	
255 CHUA, BIDING	104	
256 CHUA, BONIFACIO SO	3,446	
257 CHUA, CHARLENE GRACE YAO	7	
258 CHUA, CONSTANTINO	63	
259 CHUA, DAVID O.	111	
260 CHUA, EDWARD L.	838	
261 CHUA, ELIZABETH GO	1,051	
262 CHUA, EMMA	699	
263 CHUA, ESTEBAN	838	
264 CHUA, EVELYN UY	699	
265 CHUA, FELICIDAD	68	
266 CHUA, GEORGE	75	
267 CHUA, GEORGE	699	
268 CHUA, JACQUELINE C.	1,051	
269 CHUA, JEANNE FRANCES T.	111	
270 CHUA, JOSE A.	980	
271 CHUA, JUAN G.	699	
272 CHUA, JUDY	838	
273 CHUA, MELESA D.	8,414	
274 CHUA, PACITA	63	
275 CHUA, RICARDO J.	842	
276 CHUA, ROBERT LIM	838	
277 CHUA, SUNNY L.	838	
278 CHUA, SUSAN	383	
279 CHUA, SUSAN DEE	188	
280 CHUA, TERESITA ONG	509	
281 CHUA, TIFFANY Y.	7	
282 CHUA, VICENTE EUTY	3,064	
283 CHUA, VICTOR	2,101	
284 CHUA, WARLITO T. &/OR BETTY CHUA	3,254	
285 CHUACUCO, ALLAN TAN	545	
286 CHUANG, CHRISTINE NG	4,229	
287 CHUNG, DOMINGO L.	27,854	
288 CHUNG, LIAO HIN	3	
289 CHUNG, LIN LIN G.	842	
290 CHY, VICENTE	1,409	
291 CINCO, JOVENCIO F.	139	
292 CINCO, TERESA L.	686	
293 CINVESCO CREDIT, INC.	7,660	
294 CITICORP SECURITIES INT'L (PHILS.), INC.	958	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
295 CITICORP SECURITIES INT'L (PHILS.), INC. FAO MERLE E. VILLACORTA	144	
296 CITICORP SECURITIES INT'L (PHILS.), INC. FAO HERNANDO SUAREZ &/OR KIMBERLY	111	
297 CITICORP SECURITIES INT'L (PHILS.), INC. FAO MA. TERESITA GONZALEZ	18	
298 CITYTRUST SECURITIES CORPORATION #94-267	5	
299 CLAIR, ELENA T.	699	
300 CLARAVALL, MA. LOURDES A.	307	
301 CLEMENTE, EMILIA DIAZ	371	
302 CLIMACO, HENRY &/OR JOHN MICHAEL CLIMACO &/OR HANNIE JOY CLIMACO	375	
303 CO, CARLSON	1,409	
304 CO, EMERITA O.	699	
305 CO, JANET	3,829	
306 CO, JOHNNY G.	699	
307 CO, JUAN C.	30	
308 CO, KENNEDY	842	
309 CO, KENNEDY	842	
310 CO, LUIS U.	699	
311 CO, LYNNE	1,167	
312 CO, MICHAEL	375	
313 CO, NORA C.	1,901	
314 CO, SALLY	91	
315 CO, VICTOR AND/OR ALIAN CO	5	
316 COJUANGCO, JR., RAMON O.	11,219	
317 CONMIGO, MARTINI U.	3	
318 CONNELL SECURITIES, INC.	213	
319 COO, CRISTETA	1	
320 CORDERO, EDMUNDO B.	232	
321 CORPORATE PARTNERSHIP FOR MANAGEMENT IN BUSINESS	850	
322 CORPUS, MA. VICTORIA &/OR CARLOS V. CORPUS	3	
323 CORRO, TOMAS &/OR CAN SIU YAT	306	
324 COSTA, AIDA	16,116	
325 COSTALES, REMEDIOS	395	
326 COTTURE, MARIA LEONORA MONTENEGRO	122	
327 CRISOSTOMO, ANGELITA	395	
328 CRUZ, GONZALO MA.	395	
329 CRUZ, MARIA VICTORIA DE CASTRO	573	
330 CRUZ, TERESITA S.	38	
331 CU POE KEE	786	
332 CU UNJIENG, ANNE MARIE	3,506	
333 CU UNJIENG, GIL	6	
334 CU, DIONNE D.	1,267	
335 CU, JACKSON	74	
336 CU, MARJORIE L.	1,051	
337 CUA YAN NUAN	699	
338 CUA, ANITA	155	
339 CUA, DR. LEONCIO	1,048	
340 CUA, LILY U.	842	
341 CUA, PAULINO	504	
342 CUA, REGAN CHAN	842	
343 CUENCA, SABINA L.	630	
344 CUETO, DOMINADOR S.	11	
345 CUNA, JR., VICENTE R.	111	
346 DACANAY, AURORA S.	187	
347 DASWANI, JANKI	2,336	
348 DASWANI, JETHANAND &/OR JANKI DASWANI	21	
349 DATUKAN, MAYMONA B.	612	
350 DAVID, ANITA T.	2,889	
351 DAVID, CONSOLACION K.	792	
352 DAVID, MA. CARMENCITA	92	
353 DAVID, SINFOROSA L.	1	
354 DAYANGHIRANG, JR., VICENTE S.	306	
355 DBP PROVIDENT FUND	27,077	
356 DE CASTRO, FERDINAND VECINO	573	
357 DE GUIA, CASIMIRO M.	4,822	
358 DE GUZMAN, CORAZON O.	2,963	
359 DE JESUS, ANDREA G.	254	
360 DE LA PENNA, LINA E.	74	
361 DE LEON, ALVIN BENJAMIN SERRANO	2,716,290	
362 DE LEON, GIAN CARLO SERRANO	3,054,440	
363 DE LEON, KEVIN ANTHONY SERRANO	2,682,950	
364 DE LEON, LEONARD FREDERICK SERRANO	2,895,061	
365 DE LEON, MARIA SOLEDAD S.	4,456,795	
366 DE LIMA, II, VICENTE M.	459	
367 DE LOS REYES, JENNIFER ANNE F.	152	
368 DE LOS SANTOS, LUZ C.	2,383	
369 DE MENDIOLA, VIRGINIA P.	254	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
370 DE PERALTA, PURISIMO A.	91	
371 DE VERA, ROSANNA FAJARDO	111	
372 DEE, GABRIEL A.	4,138	
373 DEE, MARCELA CHUA	18	
374 DEL PAN, LEE ANTHONY	1,052	
375 DEL PILAR, DAVID TIU	842	
376 DEL ROSARIO, ANTONIO	838	
377 DEL ROSARIO, EDNA	1,080	
378 DEL ROSARIO, JR., RAMON R.	1,445	
379 DEL ROSARIO, JR., RODOLFO	549	
380 DEL ROSARIO, JR., RODOLFO GARCIA	208	
381 DEL ROSARIO, VICTOR J.	13,148	
382 DEL ROSARIO, VICTOR J. OR MA. RITA S. DEL ROSARIO	2,494	
383 DELA CRUZ, LEONARDO T.	842	
384 DELA CRUZ, MARIA FLORDELIZA D.	577	
385 DELA CRUZ, REBECCA M.	3,036	
386 DELA PAZ, YOLANDA L.	1,913	
387 DELA PEÑA, ROSALINDA DE CASTRO	573	
388 DELA ROSA, CARLOS S.	3	
389 DESALES, CARMINA C.	7,012	
390 DEZA, JR., INOCENCIO B.	807	
391 DHARMALA SECURITIES PHILIPPINES, INC.	11	
392 DIAZ, MANUEL	3,084	
393 DIMAANO, ANTONIO	792	
394 DIMAANO, NARCISO DY	699	
395 DIMALALUAN, CORAZON	1,691	
396 DIONISIO, VELERIANA	15,059	
397 DIPASUPIL, CHRISTIAN FANDIALAN	426	
398 DIPASUPIL, EUSEBIO	167	
399 DIPASUPIL, MARGARITA FANDIALAN	420	
400 DISPO, DOMINADOR	395	
401 DIVINAGRACIA, NELSON	94	
402 DIZON, ELMA U.	101	
403 DIZON, LIGAYA V.	345	
404 DOLOR, DANILO L.	14,051,043	
405 DOLOR, ERLINDA L.	8,474,411	
406 DOMINGO, BERNANI P.	453	
407 DOMINGO, FRANKIE GO	838	
408 DOMINGO, JR., JOSE P.	453	
409 DOMINGO, VITALIANO M.	211	
410 DOMINGUEZ, LEONARDO R.	842	
411 DOMINICAN PROVINCE OF THE PHILS., INC.	1,400	
412 DUENAS, MERLYN E.	842	
413 DULALIA, ELIAS B.	27	
414 DULIN, CECILIA T.	50	
415 DULLAVIN, EUGENIO C.	1,471	
416 DUQUE, LIGAYA D.	454	
417 DURAN, RODOLFO M.	239	
418 DURAN, SOCORRO Z.	699	
419 DY BUNCIO, ANJANETTE TY	42,710	
420 DY BUNCIO, JOCELYN	5,118	
421 DY BUNCIO, MARTIN	29,653	
422 DY BUNCIO, MARTIN &/OR ANJANETTE TY	3,172	
423 DY BUNCIO, MARTIN &/OR JOCELYN DY BUNCIO	1,722	
424 DY SY, EDWARD	1,585	
425 DY, AURORA	13	
426 DY, DELFIN	842	
427 DY, FRANCIS RICO TIU	947	
428 DY, JAYSON T.	91	
429 DY, JOEL S.	842	
430 DY, JOHN &/OR ANDRA LEE	492	
431 DY, JOHN S.	842	
432 DY, JOSE MICHAEL SANTOS	1,585	
433 DY, LUCINA &/OR YU TOKLEN	334	
434 DY, MANUEL	34	
435 DY, MARIE RACHEL SANTOS	1,585	
436 DY, NATY T.	699	
437 DY, ROSALINA C	699	
438 E. N. MADRAZO CORPORATION	335	
439 EBC SECURITIES CORPORATION	346	
440 ECHAUS, CARISSE P.	368	
441 EDEZA, TERESA C.	904	
442 EDQUIBAN, STELLA R.	183	
443 EDROSA, ANGEL	3,574	
444 EDUQUE, VALENTIN M.	35,936	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
445 ELEPANO, ANABELLA	395	
446 ELIZABETH A. PALTING	11,109	
447 ELIZAN, FORTUNATO C.	534	
448 ENCARNACION, ALICE O.	352	
449 ENCARNACION, ELLIADITA D.	551	
450 ENG, PAN CHI	699	
451 ENRIQUEZ, JR., JOSE TOLENTINO	3,692	
452 ENSIGNE, LENY B.	375	
453 ERIGA, MARIE LEONORE H.	171	
454 ESCALER, JUAN MIGUEL L. &/OR MARK VINCENT L. ESCALER	563	
455 ESPINOLA, LEONARDO	511	
456 ESPINOSA, ROSARIO	225	
457 ESTEBAN, RAUL N.	1,167	
458 ESTERO, FELICITAS DIPASUPIL	418	
459 EUSTAQUIO, PRIMO S.	792	
460 FABELLA, MARIA PAZ K.	1,681	
461 FACUNDO, JOSE MICHAEL K. &/OR JOSE R. FACUNDO	176	
462 FACUNDO, JUERGEN K. &/OR JOSE R. FACUNDO	268	
463 FAJARDO, NORMA	368	
464 FAJUTAGANA, NIMFA H.	306	
465 FALCON, ARLENE V.	69	
466 FAREN, VIRGINIA C.	699	
467 FAROLAN, FRANCISCO J.	245	
468 FELICIANO, ROSARIO	395	
469 FELICIO, MARY GRACE P.	700	
470 FELICIO, MARY GRACE P. &/OR ROBERT JOSEPH L. PAULINO	1,400	
471 FERNANDEZ, JOSEPH &/OR MA. LOURDES FERNANDEZ	2,336	
472 FERRER, TEODORO L.	618	
473 FERRERIA, TESSIE LYNNE A.	435	
474 FIDELINO, ANDRES S.	3,524	
475 FINEZA, NICANOR D.	957	
476 FLOIRENDO, MARGARITA M.	1,167	
477 FLORES, RAUL	792	
478 FLORES, ROSALIE P.	1,986	
479 FLORES, RUBEN T.	699	
480 FLORES, WALDO Q.	745	
481 FONACIER, TERESITA V.	2,336	
482 FONG, SOCORRO C.	316	
483 FORTICH, DOMINGO C.	1,918	
484 FRANCISCO ORTIGAS SECURITIES, INC. A/C# 7170	75	
485 FRANCISCO, CARMEN T.	699	
486 FRANCISCO, JAYME D.	1,585	
487 FRANCISCO, JUANITA T.	842	
488 FREIGHT MANAGEMENT WORLDWIDE SERVICES, INC.	1,225	
489 FRIAS, CASIANO A.	1,587	
490 FUERZAS, ROSALINDA P.	699	
491 G & L SECURITIES CO., INC.	1,661	
492 G & L SECURITIES CO., INC. A/C#01	1	
493 GABALDON, MIGUEL	838	
494 GABRIEL, ANDRES S.	957	
495 GACUTAN, ESTRELITA G.	5	
496 GAISANO, EDMUND S.	1,000	
497 GAISANO, EDMUND S.	1,250	
498 GALANG, ORLANDO	9,466	
499 GALANG, ORLANDO L.	9,466	
500 GALLAGA, RAFAEL C.	30	
501 GALLARDO, AGAPITO R.	254	
502 GAMBOA, JOSEFINO R.	28	
503 GARADO, PAZ *** DECEASED ***	466	
504 GARADO, PEDRO *** DECEASED ***	161	
505 GARCHITORENA, VICTORIA P.	1	
506 GARCIA III, GUMERSINDO M.	44	
507 GARCIA III, PASCUAL M.	111	
508 GARCIA JR., ROBERTO M.	44	
509 GARCIA, ALAN A.	139	
510 GARCIA, BETTINA M.	61	
511 GARCIA, GILBERT C.	1,409	
512 GARCIA, JUAN T.	699	
513 GARCIA, MARCOS D.	81	
514 GARCIA, PRISCILLA B.	115	
515 GARCIA, PROCERFINA P.	142	
516 GARCIA, WILLIE L.	152	
517 GARGANTIAL, CONCHITA C.	646	
518 GARLITOS, CARMINA J.	4,672	
519 GARLITOS, VICTOR G.	2,465	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
520 GATCHALIAN, DEE HUA T.	334	
521 GAVINO, JOSELITO S.	30	
522 GAVINO, PEPITO B.	4	
523 GAW, SERGIO	699	
524 GENESIS GLOBAL SECURITIES, INC.	45	
525 GERONA, RICO T.	816	
526 GIANAN, SIMEON C.	306	
527 GILI, JR., GUILLERMO F.	22	
528 GO ENG BOK CHU	838	
529 GO KUAI TEE	180	
530 GO, AMELIA G.	1,409	
531 GO, ANGELES	190	
532 GO, ANTONIO MELLIZA	139	
533 GO, ARTURO	842	
534 GO, DAVID T.	111	
535 GO, DOMINGO C.	54	
536 GO, EFREN A.	842	
537 GO, ELADIA LIBAGO	139	
538 GO, ELIZABETH TING	3,524	
539 GO, ELVIRA L.	661	
540 GO, ELVIRA LIBAGO	46	
541 GO, ELVIRA YAP	3,506	
542 GO, GENESIS UY YCO	947	
543 GO, GEORGE Q.	842	
544 GO, GEORGE QUA	842	
545 GO, GEORGIE S.	838	
546 GO, GLORIA QUA	842	
547 GO, HAROLD Y.	602	
548 GO, HUNG YU	75	
549 GO, JAMES	334,723	
550 GO, JOHNNY	104	
551 GO, JOHNNY CHU /OR CHRISTINE NGO /OR SAMUEL NGO	699	
552 GO, JUAN D.	699	
553 GO, JUANA TAN	334	
554 GO, LILING	842	
555 GO, LINDA	842	
556 GO, MARIA C.	699	
557 GO, NELLY DY	842	
558 GO, PETER TIONG SUY T.	842	
559 GO, REYNALDO	5,983	
560 GO, SHIRLEY D.	842	
561 GO, SIMON S.	1,409	
562 GO, SUSAN	842	
563 GO, TANI FLORENCE	842	
564 GO, TANILO DY	842	
565 GO, TOMAS	838	
566 GO, WILSON H.	190	
567 GOCHANGCO, EPHRAIM	4,173	
568 GOCO, MARIA ANNA EUGENIA P.	5,640	
569 GOKONGWEI, LANCE YU	43	
570 GONZALES LAO, EMILIO H.	383	
571 GONZALES, EDELINE G.	699	
572 GONZALES, ESTER G.	824	
573 GONZALES, FLORENCIA	792	
574 GONZALO, DOMINGO N.	1,846	
575 GORDON, JOHN J.	1,026	
576 GORREZ, MARIETTA C.	3,462	
577 GOTUACO, LAWRENCE J.	256	
578 GOZO, ANTONIETA B.	209	
579 GRANADOS, WILSON	1,537	
580 GRAND ASIA REALTY INVESTMENT CORPORATION	325,958	
581 GUAMIL, BRENDA G.	1,051	
582 GUANZON, ANITA G.	1,025	
583 GUANZON, ANTONIO A.	20	
584 GUARIN, AVELINO	1,191	
585 GUBRICKY, JAMES D.	6	
586 GUERRERO, ALVIN E.	63	
587 GUERRERO, SAMUEL I.	1,448	
588 GUIAM, AMANDA S.	563	
589 GUILD SECURITIES, INC.	105	
590 GUTIERREZ, PETRA L.	1,986	
591 GUZMAN, REYNALDO E.	838	
592 HAEL, DINA B.	142	
593 HAIN, JOSE BONITA	436	
594 HALLARE, ROBERTO	699	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
595 HANSON, HARRY A.	3,973	
596 HAO, EDDIE	261	
597 HATAGUE, DIANA SIMTOCO	3,986	
598 HATE, FEDERICO P.	3	
599 HECETA, ESPIRIDION	335	
600 HEREDIA, RENATO F.	1,400	
601 HERMANS, SEVERINUS PETRUS PAULUS	111	
602 HERNANDEZ, ANGELINA D.	919	
603 HERNANDEZ, DIONISIO C.	1,112	
604 HERNANDEZ, JUSTINA	410	
605 HERNANDEZ, MA. ZARAH C.	1,722	
606 HERNANDEZ, SABINA MORALES	160	
607 HERRERA, LENG NGAR A.	551	
608 HILIS, LORENZO P.	466	
609 HIPOLITO, GIL &/OR WINEFILDA HIPOLITO	21	
610 HITACHI UNION, INC.	557	
611 HO, LILY S.	1,532	
612 HONG, HERBERT CHUNG BUN	699	
613 HOTTICK DEVELOPMENT CORPORATION	699	
614 HOUNG, TAN	838	
615 HSBC SECURITIES (PHILIPPINES.), INC.	1	
616 HU, ROSA D.	5,743	
617 HUAN, CHAN BUN	842	
618 HUANG, ALEX YU	63	
619 HUANG, ANDREW L. &/OR RHODA A. HUANG	228	
620 HUANG, DENNIS B.	842	
621 HUANG, JUDITH G.	5,013	
622 HUANG, JUDITH G.	3,342	
623 HUANG, PHILIP TAN	842	
624 HUANG, THEODORE G.	2,255	
625 HUI, CHARLIE	842	
626 HUI, TY TIAO	699	
627 IBANEZ, LEONORA	490	
628 IBAY, FRANCISCA D.	138	
629 IGNACIO, MAYBELLINE T.	91	
630 ILAGAN, MARISTELA AMBRAY	3	
631 ILOS, ANTONIO	1,191	
632 ILUSORIO, POTENCIANO	4,847	
633 IP, MING TEK	699	
634 ISIDRO, CONSUELO V.	980	
635 ISON, MA. CARLA CHITA B.	933	
636 ITURRALDE, JOSE RENE	83	
637 J. L. HOLDINGS CORPORATION	764	
638 JACINTO, JOSE MA. P.	933	
639 JACOB, DOLORES	459	
640 JALANDONI, ERNESTO	14	
641 JALANDONI, VENICIO MA. L.	75	
642 JAM TRANSIT INC BY ARTEMIO MERCADO & JOSEFINA MERCADO	8,414	
643 JANE0 JR., RODRIGO T.	76	
644 JANTE, ROSARIO M.	19,938	
645 JAO, G. RENATO	496	
646 JAPSAY, ANNIE Y.	119	
647 JARING, MARCIAL	301	
648 JAVELLANA II, ALFREDO P.	111	
649 JAVIER, AGNES &/OR ANGELA	26	
650 JAVIER, ANGELA L.	5	
651 JAVIER, JOSE ROBERT	190	
652 JAVIER, SILVINA	582	
653 JIMENEZ, MANUEL	699	
654 JON, MANUEL	838	
655 JOSEF, FRANCISCO	4,135	
656 JUANENGO, VERONA V.	699	
657 JUGO, ALBERTO L. &/OR VIRGINIA Z. JUGO	1,681	
658 JUNSAY, LORETO D.	1,392	
659 KA, KUA CHUY	699	
660 KAHN, JR., ERNEST	6	
661 KALAW, AGNES D.	395	
662 KALAW, CARMEN M.	699	
663 KAW, KENNETH CHUN	699	
664 KAWPENG, CHRISTOPHER CHUA W.	4,980	
665 KAWPENG, DANIEL CHUA W.	4,981	
666 KAWPENG, DAVID CHUA W.	4,981	
667 KAWPENG, EDWIN CHUA W.	4,980	
668 KAWPENG, TOMAS CHUA W.	4,981	
669 KAWSEK, LINDA NG	2,818	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
670 KEPPEL SEC. PHILS. INC.	5,013	
671 KHE, ROMEO	699	
672 KHO, ALFONSO	838	
673 KHO, HO KIM	842	
674 KING, TERESITA M.	842	
675 KIOK, MANUEL C.	842	
676 KOA, DOMINGA TAN	842	
677 KOA, HENRY	842	
678 KOA, MARILYN	3	
679 KOKSENG, EARL	1	
680 KUA, BENITO	838	
681 KUA, KIM HOC MAMERTO ONG	838	
682 KUAN, JOSEPH F.	75	
683 LADAO, JOSEFINA C.	947	
684 LAGMAY, PATROCINIO	699	
685 LAGMAY, TERESA F.	534	
686 LAGUERTA, SIMEON A.	699	
687 LANDICHO, NORMA E.	1,262	
688 LANI, TAN SIOC LUAN	699	
689 LANUZA, MA. SOCORRO M.	29,063	
690 LAO, HONORIO REYES	3,247	
691 LAO, PHILIP CHIONG HUNG L.	943	
692 LAO, PHOEBE LIM	943	
693 LAOGAN, DANIEL Y.	668	
694 LAPERAL, MA. EDWINA C.	18,053	
695 LARA, JOSE C.	138	
696 LARGADAS, GREGORIO A.	183	
697 LARGOZA, FLORO N.	21	
698 LARIOS, BENJAMIN	466	
699 LAUREL, IV, JOSE MACARIO L.	124	
700 LAY, ELLEN	395	
701 LAY, KHO	838	
702 LAZARO, MICHELLE B.	1,167	
703 LAZARO, REYNALDO A.	1,587	
704 LAZATIN, FELICITAS G.	1,423	
705 LAZO, AURORA Z.	307	
706 LEE VITALIANO TAN	699	
707 LEE, ANDRA O.	34	
708 LEE, ANITA	152	
709 LEE, CYNTHIA	76	
710 LEE, ERLENE CHUA O.	838	
711 LEE, JOHN C.	582	
712 LEE, JR., HENRY U. &/OR ELENA Y. LEE	560	
713 LEE, JULIANA O.	947	
714 LEE, MAY LYNN	334	
715 LEE, OSCAR T.	209	
716 LEE, ROSITA PE	152	
717 LEE, WILSON T.	77	
718 LEETIAN, LUCELIN	1,409	
719 LEETIAN, NADIA ROWENA	842	
720 LEETONG, ANGELA	509	
721 LEETONG, JOHN TI	842	
722 LEETONG, MAXIMINO	457	
723 LEGASPI, DENNIS K.	256	
724 LEGASPI, EDUARDO DION	127	
725 LEGASPI, FELICIANA	838	
726 LEI, LILLY DEE	842	
727 LEONARDO, JOSE J. &/OR TERESITA LEONARDO	25	
728 LEPARTO, FELISA	459	
729 LI, ELIZABETH	1,051	
730 LI, SOFIA S.	688	
731 LI, WILLIAM	2,690	
732 LIAO, PATRICK STEPHEN	786	
733 LIBERATO, LYDIA V.	792	
734 LIM ENG GEAN AKA TED	63	
735 LIM, ALEXANDER NG	1,051	
736 LIM, ANDREW MARCOS DE LA VINA	838	
737 LIM, ANTONIO T.	838	
738 LIM, BENEDICT	699	
739 LIM, BENJAMIN YEO	838	
740 LIM, BENSON	947	
741 LIM, BETTY C.	699	
742 LIM, CORAZON GAW	167	
743 LIM, EDWIN B.	3,643	
744 LIM, ELEANOR JAO	838	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
745 LIM, EVANGELINE R.L.	811	
746 LIM, FRANCISCO L.	1,409	
747 LIM, GRACE	344	
748 LIM, HELEN T.	838	
749 LIM, HENRY GO	699	
750 LIM, HENRY L.	811	
751 LIM, JOCELYN CO	699	
752 LIM, JOSEPH T.	838	
753 LIM, JOSEPH YAP	699	
754 LIM, JUANITO T.	838	
755 LIM, JULIA	838	
756 LIM, LOURDES GUIA O. &/OR JUDE NOEL &/OR LOURDES CHARINA &/OR JUDE ERWIN O. LIM	3,064	
757 LIM, MANUEL G.	94	
758 LIM, MANUEL T.	1,259	
759 LIM, MARIE DENISSE G.	1,167	
760 LIM, MARY ANTOINETTE SUN	838	
761 LIM, MELCHOR T.	838	
762 LIM, MICHELLE CANDIE	1,623	
763 LIM, NELSON &/OR JULIE O. LIM	1,409	
764 LIM, RAMON &/OR HILDA LIM	765	
765 LIM, SAMIE CO	111	
766 LIM, SUZANNE S.	5,543	
767 LIM, TERESITA C.	842	
768 LIM, TERESITA DE LA VINA UY	838	
769 LIM, VICTOR A.	814	
770 LIM, VICTOR TAN	365	
771 LIMCUANDO, SALOME S.	511	
772 LIMON, EDGARDO L.	334	
773 LIMSUI, ANDREW ROS	699	
774 LIMSUI, HENRY ROS	1,051	
775 LIMSUI, MARIA CECILIA DIN	1,051	
776 LIMSUI, TERESITA Y.	699	
777 LIPIO, ALOYSIUS T.	113	
778 LIRA, CUSTODIO L.	863	
779 LITTON, ERNEST JOHN	79	
780 LIWAG, JR., GERVAICIO	1,838	
781 LIZARES, MARIA PADILLA	3,169	
782 LLANES, ELEUTERIO	232	
783 LLANES, REGINA V.	582	
784 LO, EDUARDO	222	
785 LO, JAIME BELTRAN	2,336	
786 LO, JOSEPHINE NG	17,930	
787 LOGRADA, PEPITO	1,291	
788 LOPENA, ISABELO D.	46	
789 LOPEZ, ANTONIA S.	301	
790 LOPEZ, ARTURO F.	190	
791 LOPEZ, EUSEBIO S.	481	
792 LOPEZ, JR., EDUARDO S.	4,206	
793 LOYZAGA, ANTONIA Y.	524	
794 LOZADA, AGUSTIN THADEO D.	459	
795 LU, JULIAN	25,359	
796 LU, JULIAN	2,228	
797 LU, JULIAN	16,403	
798 LUA, JOSEFA TAN	842	
799 LUA, REBECCA OCBA	63	
800 LUA, ROLANDO PAULIN	63	
801 LUCIDO, NAOMI HERNANDEZ M.D.	1,048	
802 LUNA, MA. ROSANNA M.	421	
803 LUNA, MA. VICTORIA	94	
804 LUNA, REYNALDO H.	699	
805 MABLE, GREGORIO E.	301	
806 MABUTAS, JR., RAMON	1,288	
807 MACAPAGAL, AMALIA O.	838	
808 MACAPAGAL, LEONARDO DE GUIA	838	
809 MACAPAGAL, RENATO G.	699	
810 MADAMBA, ULPIANO V.	534	
811 MADDATU, JOSE E.	2,336	
812 MAGAT, MILAGROS ONG	306	
813 MAGBANUA, BENJAMIN G.	765	
814 MAGCALAS, MILAGROSA L.	232	
815 MAGSAJO, JR., FRANCISCO S.	100	
816 MAKALINTAL, QUERUBE	100	
817 MAKATI SUPERMARKET CORPORATION	31,732	
818 MALIHAN, NELIA S.	699	
819 MALIT, NATIVIDAD	13	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
820 MALLARE, FLORENCIO	838	
821 MALLARE, JANE YU	838	
822 MANAHAN, DELIA L.	842	
823 MANAHAN, EMILY L.	842	
824 MANAHAN, MARIA JEAN	842	
825 MANANGHAYA, GIL L.	1,127	
826 MANCILLA, ELVIRA ENRIQUEZ	947	
827 MANDA, CONCHITA T.	1,681	
828 MANGAHAS, CONRADO R. &/OR ELENA M. MANGAHAS	628	
829 MANILA PAPER MILLS INTERNATIONAL, INC.	7,412	
830 MANUCOT, CORNELIO S.	466	
831 MANUEL, NICASIO	1,905	
832 MANZANO, DOMINIC S.	3,064	
833 MAPA, LORETO L.	8,862	
834 MAPA, RAMON L.	5	
835 MARCAIDA, LOURDES	792	
836 MARCELO, FELISA	186	
837 MARTELINO, GLORIA	115	
838 MARTELINO, MICHELLE O. &/OR MELROSE MARTELINO	1,199	
839 MARTELINO, THELMA	67	
840 MARTINEZ, JERRY R. ITF JEFFRY P. MARTINEZ	3	
841 MARTINEZ, JERRY R. ITF JEREMY JULIAN P. MARTINEZ	5	
842 MARTINEZ, OSCAR O.	152	
843 MATURGO, FE M.	466	
844 MAURICIO, THELMA C.	676	
845 MECARAL, JOSEFINA	1,409	
846 MEDINA, LINA	1,722	
847 MEDRANO, BENJAMIN R.	140	
848 MEDRANO, JR., DR. VICTORINO S. &/OR OFELIA MEDRANO	3,304	
849 MELO, MARIA P. VDA. DE	395	
850 MENDIOLA, ALFREDO S.	301	
851 MENDOZA, ALBERTO G. &/OR JEANIE MENDOZA	16,608	
852 MENDOZA, AURORA B.	37	
853 MENDOZA, FELICIANO	1,752	
854 MENDOZA, GINA JOCSON	699	
855 MENDOZA, JIMMY B.	1,378	
856 MENDOZA, LAWRENCE &/OR ALBERTO MENDOZA	7,660	
857 MENDOZA, REX M.	838	
858 MERCADO, JOSE	128	
859 MERCADO, VICTOR A.	699	
860 METROPOLITAN BANK & TRUST COMPANY ¹	377,279,068	
861 MIB TRUST ACCT. #132	459	
862 MICAN, MELICIA T.	1,771	
863 MIJARES, ADELISA ATON	11,141	
864 MILANTE, SULPICIO	582	
865 MONSOD, MELCHOR R.	425	
866 MONTELIBANO, MA. LOURDES B.	1,539	
867 MORALES, CAROL ONG	306	
868 MORALES, DR. DANTE D.	4,675	
869 MORALES, ROMERICO C.	842	
870 MOTAS, MARIBELLE R.	124	
871 MUÑOZ, MARY GRACE	3	
872 NAKANISHI, MA. CHRISTINA T.	27	
873 NAKPIL, ANGEL E.	418	
874 NAKPIL, ANTONINO A.	138	
875 NAKPIL, CARLOS A.	115	
876 NAKPIL, CECILIA A.	115	
877 NAKPIL, JOSE A.	55	
878 NANAGAS II, VITALIANO N.	228	
879 NARANJILLA, JR., SERGIO LL.	2,803	
880 NASSR, EDMUND JAMES	2,067	
881 NATIVIDAD, JOSEFINA L.	947	
882 NAVAL, COSME	345	
883 NAVATO, HANNALEI OLIVARES	320	
884 NER, RENE P.	627	
885 NG KAWSEK, LINDA	1,761	
886 NG, BRYAN TERENCE	1,500	
887 NG, DUNHILL A.	842	
888 NG, GEORGE	980	
889 NG, JACQUELINE ADRIANO	842	
890 NG, JOHN K.C.	1,114	
891 NG, PO WING	842	
892 NGAI, CHAUN	23	
893 NGO, HENSON UY	209	
894 NGO, MARILYN K.	838	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
895 NGO, MARY BELLE T.	1,859	
896 NGOSIOK, CARLOS	1,409	
897 NIETO, JR., MANUEL	23,961	
898 NIEVA, ANALIZA	553	
899 NOCOM, ANACORETA O.	3,160	
900 NOLASCO, BENJAMIN P.	933	
901 NONATO, ANTONIO H.	21	
902 NORTHSTAR CAPITAL, INC.	3,064	
903 NSA PHILIPPINES, INC.	1,532	
904 NUGUID, AMALIA C.	228	
905 NUGUID, ARLENE	841	
906 O, CORAZON G.	699	
907 OBEN, RAMON T.	395	
908 OBEN, TERESA A.	2,521	
909 OBENA, REYNALDO D.	699	
910 OCAMPO, BEN D.	947	
911 OCAMPO, GRACE D.	947	
912 OCAMPO, LANELLE GAY S.G.	69	
913 OCAMPO, WILLIE	1,167	
914 OCAMPO, JULIO &/OR GRACE OCAMPO	947	
915 OLONDRIZ, JOSE B.	15	
916 OMENGAN, IGNACIO	69	
917 OMENGAN, JR., VICENTE U.	765	
918 ONCENA, PURIFICACION M.	30	
919 ONG LE PHO, JAMES	250	
920 ONG, ALEX	209	
921 ONG, ANN	379	
922 ONG, ANN LESLIE D.	1,532	
923 ONG, CHRISTINE SY	3,446	
924 ONG, CRESENCIA RODRIGUEZ	564	
925 ONG, EDGAR	1,378	
926 ONG, ELENA	947	
927 ONG, EMIL L.	582	
928 ONG, FRANCISCO	38,081	
929 ONG, FRANCISCO &/OR LINA ONG	4,902	
930 ONG, JOHN C.	277	
931 ONG, JOHNSON C.	27	
932 ONG, JULIET P.	612	
933 ONG, JUVY	842	
934 ONG, KIAN	838	
935 ONG, LINA	1,409	
936 ONG, LINA D.	842	
937 ONG, LINDA C.	209	
938 ONG, LUCIANO P.	6	
939 ONG, LUIS JOSE MARIA DEE	873	
940 ONG, MILLION	27	
941 ONG, NATHALIE GO	232	
942 ONG, PETER S.	11,336	
943 ONG, RENE	699	
944 ONG, SOLEDAD	838	
945 ONGKING, JACQUELINE DYCHAUCO	424	
946 OPPEN, ANTONIO C.	4,206	
947 ORAA, GLORIA C.	138	
948 ORAA, JUAN D.	1,986	
949 ORAA, LUIS O.	582	
950 ORFIDA, FRANCISCO R.	582	
951 ORTIZ, TEODORO R.	11,173	
952 OSONG DEVELOPMENT ENTERPRISES INC.	1,459	
953 PABLO, NANETTE C.	74	
954 PACAPAC, JOSE PEPITO P.	368	
955 PACHAO, DOLORES F. & EVELYN P. GACUSANA	4,596	
956 PACIFIC BANKING CORP.	792	
957 PADILLA, MA. LUISA QUIJANO	838	
958 PADILLA, MARIO J.	1,400	
959 PADUA, JOCELYN THERESE	1,167	
960 PAEZ, FELIPE S.	511	
961 PAEZ, RAMON S.	511	
962 PAEZ, VICTOR S.	1,635	
963 PAGULAYAN, DANIELITO C.	334	
964 PALANCA, MA. CARMEN V.	15	
965 PALINES, LETICIA V.	842	
966 PANGANIBAN, LORETO G.	173	
967 PANGILINAN, JOSE B.	3,177	
968 PARDO, JOSE T.	2,063	
969 PAREDES, JOSEPH S.	699	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
970 PAREDES, LORNA P.	699	
971 PAREJA, CAROLINA P.	792	
972 PASCUAL, JR., ALFRED MELVIN S.	63	
973 PATDU, CRISPULO E.	835	
974 PATRICIO, LUCINA G.	534	
975 PAULINO, STEVE JOSEPH L.	701	
976 PAZ, CALLANO G.	139	
977 PCD NOMINEE CORPORATION (FILIPINO) ²	5,127,878	
978 PCD NOMINEE CORPORATION (NON-FILIPINO)	2,737,093	
979 PE, FE C.	152	
980 PEDROSA, ALBERTO A.	1,114	
981 PEDROSA, CARLOS A.	139	
982 PEOPLE'S GENERAL INSURANCE CORPORATION	41,776	
983 PEREZ, JOSE R.	2,383	
984 PEREZ, MA. GEORGINA V.	44,418	
985 PEREZ, PEPITA	21	
986 PESA, RUBEN D.	277	
987 PETROENERGY RESOURCES CORPORATION	17	
988 PICACHE, BERNARDO A.	21	
989 PICACHE, TERESITA V.	47	
990 PICCIO, TERESITA	183	
991 PILARES, PERLITA PILAR A.	842	
992 PILARES, RAMONA S.	534	
993 PIMENTEL, JOSE G.	334	
994 PINEDA, JR., ROMAN D.	842	
995 PIVGETH IND. & DEV'T. CORPORATION	10,768	
996 PLACIDES, NELSA G.	1	
997 PLONDAYA, NERIO C.	747	
998 PO, CRISTINA Y.	1,454	
999 PO, FELIX N.	1,400	
1000 PO, NENITA TAN	2,144	
1001 PO, ROSITA T.	873	
1002 POBLADOR, HONORIO	19,605	
1003 POLICARPIO, CHARLIE	842	
1004 POLOTAN, LUIS A.	105	
1005 PONCE, ROSARIO R.	1	
1006 PUA, CAROLINA Y.	668	
1007 PUA, CHRISTINE S.	1,048	
1008 PUA, JEFFERSON U	1,048	
1009 PUA, MARILOU U.	699	
1010 PUA, VICENTA UY	188	
1011 PULIDO, JULIUS P.	152	
1012 PUNO, REGIS V.	111	
1013 PUYAT, JR., GIL GUIDOTE	699	
1014 QUE TEK, LILIAN	1,409	
1015 QUE, ANDREW	699	
1016 QUE, ERNESTO JR.	699	
1017 QUE, JAIME S.	557	
1018 QUE, LIONG H.	75,834	
1019 QUING PEREZ, ANTONIO	842	
1020 QUING PEREZ, PRINCETON C.	842	
1021 QUINTO, MA. CRISTINA C.	91	
1022 QUIRANTE, VLADIMIR S.	1,214	
1023 QUISUMBING, TRINIDAD T.	44	
1024 QUIZON, ONOFRE	161	
1025 R. COYIUTO SECURITIES, INC.	222	
1026 R. J. DEL PAN & CO., INC.	2,112	
1027 RAFER, JR., NORBERTO	1,167	
1028 RAFER, NILA T.	1,167	
1029 RAMIREZ, CATHERINE	3	
1030 RAMISCAL, JR., JOSE S.	377	
1031 RAMOS, JOEY	34	
1032 RAMOS, MANUEL JULIAN	311	
1033 RAMOS, RUBY S.	838	
1034 RECITAS, TIBURCIO P.	528	
1035 RECTO, JR., ALFONSO M.	16	
1036 RECTO, JR., MANUEL S.	375	
1037 REGINA CAPITAL DEV. CORP., 000351	12,525	
1038 REINOSO, AGERICO	139	
1039 REMEDIO, PATROCINIO	1,400	
1040 RESURRECCION, MA. URSULA R.	11	
1041 REYES, ADOLFO R. &/OR PEREGRINA REYES	10	
1042 REYES, BOTAN C.	1,557	
1043 REYES, ELENA V.	2,383	
1044 REYES, GLADYS MARYPET F.	557	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1045 REYES, MANUEL G.	15	
1046 REYES, MARIANO	254	
1047 REYES, NATIVIDAD M.	1,097	
1048 REYES, RAMON C.	1,896	
1049 REYES, RENATO V.	792	
1050 REYES, RUBEN A.	1,191	
1051 REYES, TERESITA FRANCO	2,803	
1052 REYES, TERESITA S.	11	
1053 REYES-LAO, HONORIO O.	2,820	
1054 RINON, ESTELITA B.	13	
1055 ROA, CAROLINA V.	1,908	
1056 ROBEL, TEODORICO C.	910	
1057 ROBES, CARLOS F.	5,585	
1058 ROBLES, CONRADO	115	
1059 ROBLEZA, NORBERTO N.	21	
1060 ROCES, RAFAEL ITF RAFAEL LUIS ROCES	2,820	
1061 ROJAS, JAYE MARJORIE R.	6	
1062 ROQUE, GENATO	676	
1063 ROS, NICANOR	395	
1064 ROSAL, MACARIO N.	26	
1065 ROSALES, ANGEL G.	1,191	
1066 ROSARIO, ROLAND R.	41,762	
1067 ROXAS, MANUEL C.	14,026	
1068 ROXAS, ROLANDO & REYNALDO C. ROXAS	55	
1069 ROXAS-CHUA, LETICIA TAN FAO NICHOLAS JAMES TAN ROXAS-CHUA	459	
1070 RUALO, MONINA T.	838	
1071 RUBIO, PAZ F.	919	
1072 RUBIO, PAZ F. ITF HYGIEA IRENE, LORENZO ELIEZER, HANNAH CARMELA A. RUBIO	367	
1073 RUBIO, PAZ F. ITF JOSE MARIA, MAR CORAZON, JAMES ALLAN G. RUBIO	367	
1074 RUBIT, JESUS G.	699	
1075 SABLOT, EMELDA O.	1,051	
1076 SABLOT, MARTIN O.	947	
1077 SAHAGUN, EDUARDO A.	111	
1078 SALAMAT, FRANCIS P.	699	
1079 SALAMAT, HERMINIA &/OR ALBERTO SALAMAT	111	
1080 SALAYSAY, ISABELITA C.	863	
1081 SALDUA, SOCORRO P.	792	
1082 SALINAS, CARLOS C.	1,057	
1083 SALINAS, WEVINIA S.	254	
1084 SALUDES, MARISSA A.	1,532	
1085 SALVADOR, BEATRIZ B.	334	
1086 SALVADOR, JOSE ENRIQUEZ	2,820	
1087 SAMONTE, EVANGELINA P.	842	
1088 SAMSON, CONSUELO A.	127	
1089 SAN AGUSTIN, MA. TERESA T.	842	
1090 SAN DIEGO, RITA	178	
1091 SANTIAGO, DANILO H.	28,222	
1092 SANTIAGO, HILARIA N.	838	
1093 SANTIAGO, MA. EDITHA S.	1,691	
1094 SANTIAGO, MA. RAMONA GERTUDES T.	699	
1095 SANTIAGO, VICTORINO L.	842	
1096 SANTOS, ADORACION	699	
1097 SANTOS, CARMELITA	699	
1098 SANTOS, CESAR S.	511	
1099 SANTOS, ERNESTO M.	699	
1100 SANTOS, GEMMA M.	30	
1101 SANTOS, LEONEL &/OR ALICIA	5	
1102 SANTOS, NORMA A.	699	
1103 SANTOS, PAULINO S.	74	
1104 SANTOS, RAMON B.	239	
1105 SANTOS, RAMON G.	301	
1106 SANTOS, RODOLFO &/OR CAROLYN SANTOS	3	
1107 SANTOS, VICTORIA I.	980	
1108 SANVICTORES, JULIUS VICTOR EMMANUEL D.	11	
1109 SANVICTORES, LEONIDA S.	534	
1110 SATUITO, LIGAYA V.	557	
1111 SAUR, JR., DELFIN R.	61	
1112 SAW, NANCY	557	
1113 SAYCON, HONORIO M.	16,760	
1114 SCHOFIELD, VIRGINIA	1,587	
1115 SEC ACCOUNT NO.2 FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	1	
1116 SEE, ANTONIA	1,691	
1117 SIA, SUET LAN	838	
1118 SILVA, SONIA L.	947	
1119 SIM, FRANCIS CHUNG BUN	842	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1120 SIMTOCO, BERNARD &/OR CIRILA SIMTOCO	352	
1121 SIMTOCO, CESAR &/OR CAROLINE SIMTOCO	229	
1122 SING, DY CHI	947	
1123 SIO, STEPHEN ROY	559	
1124 SIONG, TAN TIAN	1,575	
1125 SISON, LAMBERTO C.	152	
1126 SIY TIONG ENG, WALTER	397	
1127 SIY, MATTHEW SZARETTE O.T	210	
1128 SIY, MICHAEL O.	212	
1129 SIY, NELLY	203	
1130 SIY, SHENIELLE MINDY O.T	210	
1131 SIY, SHERISSE MIDY O.T	210	
1132 SIY, WILLY TING	873	
1133 SMITH, CHARLENE JOY T.	39	
1134 SO, WILLIAM NELSON C.	5,743	
1135 SOLCO, EMILIO &/OR LOLITA CHOA	119	
1136 SOLIS, MILAGROS	699	
1137 SOLIVEN, STEPHEN G.	55	
1138 SON KENG PO, MAURICIO	74	
1139 SON KENG PO, PABLO	1,872	
1140 SON KENG PO, PABLO &/OR DY CHIN CHIN	352	
1141 SOO, PETER S.	1,051	
1142 SOON, BEE HON NGO	838	
1143 SORIANO, EDUARDO J.	1	
1144 SORIANO, PE NG	699	
1145 SQUIRE SECURITIES, INC.	5	
1146 STA. MARIA, CEFERINO D.	933	
1147 STA. MARIA, JR., GREGORIO B.	2,336	
1148 STO. DOMINGO, BRAULIO T.	1,986	
1149 SUAREZ, ROBERT K.	76	
1150 SUAREZ, SABAS	873	
1151 -SUAREZ, SABAS UY	1,750	
1152 SUN HUNG KAI SEC. (PHILS.), INC. FAO JIMMY HAO	557	
1153 SUN HUNG KAI SEC. (PHIL) INC. A/C TI071	450	
1154 SUN, ALBERT DY	104	
1155 SUNKIM, BENITO NG	365	
1156 SUPLEO, GEORGE P.	1,540	
1157 SY, AH LI	838	
1158 SY, ALEXANDER UY	842	
1159 SY, ANTONIO O.	432	
1160 SY, BENJAMIN	417	
1161 SY, BETTY TIU	699	
1162 SY, BUENASENTO T.	79	
1163 SY, CORABELLE LIM	838	
1164 SY, CORAZON C.	842	
1165 SY, ENG BIO	838	
1166 SY, ERNESTO T.	1,028	
1167 SY, FORTUNATO &/OR ARSENIA SY	2,757	
1168 SY, GREGORIA KO	1,051	
1169 SY, IRENE	167	
1170 SY, JENNIFER YEE	1,575	
1171 SY, JOHN TAN KIAT	947	
1172 SY, JOHN TAN KIAT &/OR ERLINDA TAN KIAT SY	358	
1173 SY, JOVITA C.	3	
1174 SY, LUZ T.	5	
1175 SY, MANUEL BAUTISTA	842	
1176 SY, MARIO CO	1,409	
1177 SY, MILLY LO	842	
1178 SY, MYRNA C.	842	
1179 SY, ROGELIO CHUA	699	
1180 SY, STANLEY C.	143	
1181 SY, VICTOR GAN	45,654	
1182 SY, VISITACION P.	190	
1183 SY, WILFREDO S.	842	
1184 SY, WILSON	842	
1185 SYKAT, RUPERT TERRENCE C.	842	
1186 SYLING, PHILIP K.	842	
1187 SYYAP, ANDREW S.	30	
1188 TAGAYUN, ENRIQUE	1,752	
1189 TAN HAI PING	838	
1190 TAN UNTIONG, WILLIAM C.	9,587	
1191 TAN, AGNES J.	642	
1192 TAN, ALAN DY	176	
1193 TAN, ALBERTO M.	838	
1194 TAN, ANTHONETTE	379	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1195 TAN, ANTONIO M.	838	
1196 TAN, ANTONIO T.	699	
1197 TAN, BENITO P.	289	
1198 TAN, BEVERLY T.	699	
1199 TAN, BIDDY TIU	626	
1200 TAN, CATALINA	838	
1201 TAN, CECILIA L.	3,499	
1202 TAN, CHRISTOPHER GAN	1,051	
1203 TAN, CLARITA	842	
1204 TAN, CORAZON A.	188	
1205 TAN, DIONISIO C.	699	
1206 TAN, ELIZABETH P.	582	
1207 TAN, HERMINIA G.	838	
1208 TAN, IRENE	31	
1209 TAN, JESSIE F.	699	
1210 TAN, JIMMY U.	14,642	
1211 TAN, JOSE	842	
1212 TAN, JOSE J.	113	
1213 TAN, JOSE MARIANO O.	699	
1214 TAN, JOSE N.	172	
1215 TAN, JULIANA	174	
1216 TAN, LEVERLY	559	
1217 TAN, LINBETH	382	
1218 TAN, LITA YU	842	
1219 TAN, LYDIA C.	2,820	
1220 TAN, MARTINA FELICIDAD	842	
1221 TAN, MIGUEL	943	
1222 TAN, MILA Y.	699	
1223 TAN, NENA	3,172	
1224 TAN, NERIZA T.	699	
1225 TAN, PACITA S.	947	
1226 TAN, RICHARD &/OR SUSANA TAN	1,575	
1227 TAN, SILVERIO BENNY J.	2,521	
1228 TAN, TERESA L.	786	
1229 TAN, TOMAS	1,532	
1230 TAN, VIRGINIA U.	838	
1231 TAN, YOLANDA	3,524	
1232 TANCHUCO, RAMONA R.	699	
1233 TANDOC, MARGARET C.	306	
1234 TANEDO, MARTIN	5,187	
1235 TANGCO, PACIANO L.	2,607	
1236 TANHUANCO, PAUL	168	
1237 TANKING, FELICIDAD	699	
1238 TANLIMCO, JANET L.	947	
1239 TANQUIENG, JULIET	2,297	
1240 TANSENGCO, MARIE ANGELI C.	38	
1241 TANTOCO, MA. CAROLINA D.	91	
1242 TAPANGCO, NICANOR P.	6	
1243 TAY, LIM	843	
1244 TAYAG, JERRY	24	
1245 TE, IRENE ONG	41	
1246 TE, KAREN ONG	152	
1247 TE, MICHEL MARK CHIONG	2,297	
1248 TE, MYRNA Z.	1,409	
1249 TE, SONIA K.	947	
1250 TECSON, ZENaida C.	130	
1251 TEE, ELIZABETH A.	1,173	
1252 TEE, LERMA T.	699	
1253 TENEFRANCIA, CHARLENE JOY S.	118	
1254 TENEFRANCIA, SHERI ANN S.	158	
1255 TENEFRANCIA, VALERIE MAY S.	151	
1256 TENG, CHRISTINE DIANE	152	
1257 TENGCO, ALEJANDRO H.	792	
1258 THE PHILIPPINE FOUNDATON FOR C. E. D., INC.	1,691	
1259 THE PLAZA INC.	461	
1260 THE PLAZA RESTAURANT, INC.	230	
1261 THOMPSON, ROLLAND R.	209	
1262 THOMPSON, ROLLAND R. ITF TOMMIE THOMPSON	418	
1263 THOMPSON, ROLLAND R. ITF WEYLAN THOMPSON	418	
1264 TIBAYAN, FELICITAS O.	21	
1265 TIBUDAN, VICENTE	395	
1266 TIGAS, JUDY MONTEALEGRE	178	
1267 TING, ALBERT O.	699	
1268 TING, CLAUDINE JENNIFER CHIN	699	
1269 TIO, SILVELYN U.	1,901	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1270	TIU KENG HI	3,446	
1271	TIU, AGUSTIN GO	1,681	
1272	TIU, CHUN LIN	842	
1273	TIU, CHUN TU	842	
1274	TIU, JEFFERSON	7,660	
1275	TIU, JR., RAMON	7,008	
1276	TIU, NENA TAN	209	
1277	TIU, SAMUEL	4,920	
1278	TO CHIP, JOSE T.	63	
1279	TO, TERESITA TAN	75	
1280	TONG, PATRICK Y.	17,354	
1281	TORIO, JOVITA	699	
1282	TORRES, CARMELITA C.	395	
1283	TORRES, VALERIE MAY T.	126	
1284	TOSZAP, DOLORES	838	
1285	TOTANES, RAUL E.	67	
1286	TRAJANO, ANN MARIE C.	7	
1287	TRANSNATIONAL SEC. INC., FOR ACCOUNT OF LITO DE VEZA	699	
1288	TRINIDAD, DR. ANGEL	37	
1289	TRINIDAD, NIMFA S.	1,167	
1290	TRONGCO, EDISON CHOA	1,532	
1291	TUASON, ROSARIO G.	381	
1292	TURNER, PHILIP &/OR ELNORA TURNER	124	
1293	TY ANG, LILY	943	
1294	TY, ALEJANDRO	63,893	
1295	TY, ANITA	254	
1296	TY, ANITA N.	50	
1297	TY, ANJANETTE	5,169	
1298	TY, ARTHUR VY ³	129	
1299	TY, EDWARD A.	1,048	
1300	TY, LEONARDO K.	11,968	
1301	TY, LOURDES	15,510	
1302	TY, LUISA W.	1,048	
1303	TY, MARILOU B.	842	
1304	TY, TERESITA	842	
1305	UBALDE, LOURDES	325	
1306	UBALDE, LOURDES-LOPEZ	466	
1307	UMALE, FE	1,587	
1308	URIARTE, JR., FILEMON	111	
1309	UY BOMPING, ALBERTO C.	838	
1310	UY BOMPING, ALFREDO KA	838	
1311	UY BOMPING, ANGELI KA	838	
1312	UY BOMPING, YOLANDA KA	838	
1313	UY MATIAO, WILKIE	3,049	
1314	UY YEKCHUNG, GEORGE O.	842	
1315	UY, ALFONSO A.	111	
1316	UY, BERNADETTE	152	
1317	UY, ELIZABETH G.	785	
1318	UY, JEANETTE YAO	842	
1319	UY, JULIAN D.	14,726	
1320	UY, KYLE DAVIDSON	1,722	
1321	UY, LETY	114	
1322	UY, MARILYN ONG	842	
1323	UY, MARTINA Y.	11,687	
1324	UY, NELSON	699	
1325	UY, ROANNA VICTORIA	1,011	
1326	UY, ROBERTO L.	1,750	
1327	UY, SUSAN SIO TIN	334	
1328	UY, VICENTA A.	842	
1329	UY, VICTOR YU	842	
1330	UY, WALTER	1,340	
1331	UY, WILSON BAIRAN	391	
1332	UY-TIOCO & CO., INC. A/C # 0107-004-4 OL	85	
1333	UYEKLIONG, AGNES	842	
1334	UYEKLIONG, JR., MANUEL	842	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1335 UYPUANCO, VICENTE	33	
1336 VALDES, JR., ROMAN CRESENCIO G.	13	
1337 VALDES, KATHERINE GRACE G.	13	
1338 VALDES, MICHAEL JOHN VINCENT G.	13	
1339 VALDEZ, RODRIGO N.	436	
1340 VALENCIA, ELBERT	632	
1341 VALENCIA, RENATO C.	122	
1342 VALENCIA, RENATO C.	2,451	
1343 VALENZUELA, NESTOR E.	250	
1344 VALERIANO, DIVINA P. &/OR RONNAN VALERIANO	47	
1345 VALERO, LOURDES T.	1,821	
1346 VALLEJOS, VAN P.	33	
1347 VALLINER, PLACIDA P.	1,428	
1348 VALMORES, FRANCISCO L.	534	
1349 VARGAS, AGNES MARCELO	1,729	
1350 VARGAS, FLORDELIZA A.	699	
1351 VARGAS, VICENTE S.	1,120	
1352 VELASCO, CONSUELO	699	
1353 VELASCO, MA. VICTORIA E.	947	
1354 VELASCO, MICHAEL TAN	699	
1355 VELASCO, PHILIP	786	
1356 VELASQUEZ, GENARO C.	699	
1357 VELASQUEZ, HONORIO M.	3,973	
1358 VELMONTE, AVELINO L.	1,911	
1359 VELOSO, MA. THERESA S.	699	
1360 VENTURA, CATALINA	138	
1361 VERANO, MARIA LUISA L.	1,973	
1362 VERBO, ERIC &/OR ANGELITA VERBO	7	
1363 VERDEJO, MANUEL C.	63	
1364 VERGEL DE DIOS, JR., PROCOPIO V.	5,169	
1365 VERGEL DE DIOS, PATRICK A.	1,722	
1366 VERGEL DE DIOS, PAUL RYAN A.	2,506	
1367 VICTORIA, JONAS A.	4,229	
1368 VILANUEVA, PEDRO	792	
1369 VILANUEVA, EFREN	245	
1370 VILANUEVA, LUCILA T. &/OR RENATO A. VILANUEVA	209	
1371 VILANUEVA, MILAGROS P.	55	
1372 VILANUEVA, MYRA P.	55	
1373 VILANUEVA, MYRNA P.	55	
1374 VILANUEVA, ROMULO P. &/OR ERLINDA B. VILANUEVA	162	
1375 VILLAREAL, ERNEST F.O.	763	
1376 VILLAREAL, MA. ARACELI L.	699	
1377 VILLAREAL, VICENTE E.	77	
1378 VILLARICA, HERMINIO V.	1,587	
1379 VILLARIN, RAUL V.	699	
1380 VILLAROMAN, GILBERTO S.	612	
1381 VIRAY, ANTONIO V.	2	
1382 VITAL VENTURES MANAGEMENT CORPORATION	2,537	
1383 VIZCONDE, THERESITA P.	279	
1384 WANG, ROSIE T.	2,820	
1385 WEE, BELLA	1,585	
1386 WEE, CO CHIN	699	
1387 WEE, JR., ANTONIO &/OR EMMA WEE	764	
1388 WEE, LYDIA Y.	1,691	
1389 WEE, WINTHROP A.	228	
1390 WONG, ALFREDA	842	
1391 WONG, JOSEFINA KO TAH	699	
1392 WONG, JR., FREDDIE	70	
1393 WONG, MAGDALENA C.	432	
1394 WONG, MARK C.	947	
1395 WONG, SINGWA Y.	368	
1396 YAM, ELENA C.	1,973	
1397 YANG, CAREY	842	
1398 YANG, PHILIP	1,400	
1399 YAO, GAN CHIN	153	
1400 YAO, LILLIAN W.	754	
1401 YAO, MAYDA C.	432	
1402 YAO, NATALIA CHUA	1,167	
1403 YAP, JANET KEH	699	
1404 YAP, JR., ENRIQUE TC	209	
1405 YAP, LYDIA C.	947	
1406 YAP, TERESITA GO	947	
1407 YAP, VIRGINIA A.	466	
1408 YAP, WENDELL Y.	842	
1409 YBANEZ, JOSE S.	98	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
1410 YEE, ELIZABETH KUAN	1,409	
1411 YIU-YAP, LORNA S.	3	
1412 YOK, CHUA SIU	1,051	
1413 YONGCO, FILEMON	151	
1414 YOUNG, JR., GEORGE U.	2,803	
1415 YOUNG, MARIO	75	
1416 YOUNG, TIFFANY	3	
1417 YRAOLA, REMEDIOS	699	
1418 YU CHUEN YAN	18,082	
1419 YU JECO, DANIEL	459	
1420 YU JECO, YVONNE C.	334	
1421 YU ROSEMARY TANG	786	
1422 YU, ADELINE ROSIE G.	1,409	
1423 YU, CAROLINE	699	
1424 YU, CAROLYN S.	7,047	
1425 YU, FERDINAND CO	1,167	
1426 YU, HENRY S.	1,409	
1427 YU, JENNIFER JAN	947	
1428 YU, JR., GREGORIO ONG	75	
1429 YU, LEONARDO D.	2,405	
1430 YU, LINDA	1,532	
1431 YU, MARY L.	25,730	
1432 YU, ROSA	493	
1433 YULO, LILY TAN	842	
1434 YUSON, MIRIAM M.	2,628	
1435 ZAPANTA, BERNARDO	5,025	
1436 ZARASPE, AMELITA G.	3	
1437 ZARATE, LUCIA B.	1,378	
1438 ZIALCITA, RAYMUNDO B.	699	
1439 ZOSA, JR., FRANCIS	642	
1440 ZOSA, TEOFILO &/OR TERESITA ZOSA	15,340	
1441 ZOSA, TEOFILO A.	1,905	
	<u>426,859,416</u>	

NOTES:

- 1 Includes 206,331,982 shares lodged with PCD Nominee Corp.
- 2 Net of 206,331,982 shares owned by Metropolitan Bank & Trust Company and 18 shares owned by Arthur Ty
- 3 Includes 18 shares lodged with PCD Nominee Corp.

NOTED BY:

MA. ANNETTE JARENE R. BAUTISTA
 Junior Assistant Manager

MA. KRISTINA LARA S. REYES
 Senior Manager