



PHILIPPINE SAVINGS BANK  
Metrobank Group

April 13, 2023

**The Philippine Stock Exchange, Inc.**

6/F PSE Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

**Attention:**           **Ms. Alexandra D. Tom Wong**  
Officer-in-charge, Disclosure Department

**Subject: Submission of SEC 17-A - Annual Report**

.....

Dear Ms. Tom Wong:

Relative to the Structured Continuing Disclosure Requirements for Listed Companies of the Exchange, we hereby submit a copy of our SEC Form 17-A (Annual Report) with Sustainability Report as of December 31, 2022.

We hope that you will find everything in order.

Thank you very much.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Leah M. Zamora'.

**Leah M. Zamora**

Controller

[LMZamora@psbank.com.ph](mailto:LMZamora@psbank.com.ph) / 02-88858208

# COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

**Leah M. Zamora**

(Contact Person)

8845-8888

8845-8888

(Company Telephone Number)

## Annual Report

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Month Day  
(Fiscal Year)

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(Form Type)

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Month Day  
(Annual Meeting)

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(Secondary License Type, If Applicable)

Markets and Securities  
Regulation Department

Dept. Requiring this Doc.

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Amended Articles Number/Section

1,442

Total No. of Stockholders  
As of March 31, 2023

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Domestic

of Denkwings

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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Document ID

Cashier

## STAMPS

STAMPS

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SEC Number 15552  
FILE Number

**PHILIPPINE SAVINGS BANK**  
(COMPANY'S NAME)

**PSBank Center 777 Paseo de Roxas cor. Sedeño St., Makati City 1226**  
(COMPANY'S ADDRESS)

**8885-82-08**  
(TELEPHONE NUMBER)

**DECEMBER 31**  
(FISCAL YEAR ENDING MONTH & DAY)

**SEC FORM 17-A**  
(FORM TYPE)

**December 31, 2022**  
(PERIOD ENDED DATE)

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

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATIONS CODE AND SECTION 141  
OF CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended : **December 31, 2022**
2. SEC Identification No. : **15552**
3. BIR Tax Identification No. : **000-663-983-000**
4. Exact name of registrant as specified in its charter : **Philippine Savings Bank**
5. Province, Country or other jurisdiction or organization : **Metro Manila, Philippines**
6. Industry Classification Code :  (SEC Use only)
7. Address of principal office : **777 Paseo de Roxas corner  
Sedeño Sts., Makati City 1226**
8. Registrant's telephone No. : **(632) 8885- 8208**
9. Former name, address, and former fiscal year, if changed since last report : **Not Applicable**
10. Securities registered pursuant to Section 8 & 12 of the SRC
  - Title of each class : **Common Shares**
  - Number of shares outstanding : **As of December 31, 2022 –  
426,859,416**
11. Are any or all of these securities listed with the Philippine Stock Exchange : **Yes**
12. Check whether the issuer:
  1. has filed all report required to be filed under Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Section 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) : **Yes**
  2. has been subject to such filing requirements for the past ninety (90) days : **Yes**

13. The aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold or the average bid and asked prices of such stock, as of a specified date (March 31, 2023) within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. : **₱24,309,643,741**

**APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court of the Commission. : **Not Applicable**

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-1 Into which the document is incorporated:
- (a) Any annual report to security holders;
  - (b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);
  - (c) Any prospectus filed pursuant to SRC Rule 8.1-1

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## **PART I. BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### **Description of Business**

##### **1. Business Development**

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 eighty-eight percent (88%) of the Bank.

As of December 31, 2022 and 2021, the Bank has a 30% interest in Sumisho Motor Finance Corporation (SMFC), a partnership with Sumitomo Corporation. SMFC is not listed in the stock exchange.

The Bank continues to grow its core business which is primarily consumer banking. It offers deposit and loan products to retail customers and small and medium enterprises (SMEs). The Bank's financial performance in 2022 is the direct result of its agility and strength that enabled the organization to quickly deploy and redeploy resources where needed, adapt to volatile market conditions, navigate the new normal, and stay attuned to its customers' preferences, whether onsite or online.

<b>As of December 31</b>	<b>Total Assets</b>	<b>Net Income</b>	<b>Branch</b>
2022	₱264.42 billion	₱3.68 billion	250 branches
2021	₱261.81 billion	₱1.54 billion	250 branches
2020	₱219.41 billion	₱1.11 billion	250 branches

In **2022**, 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. Sustained efforts in productivity, process efficiency and automation has kept operating expenses under control, increasing only by 2% versus 2021; and flat compared to the pre-pandemic level in 2019. The Bank saw a significant drop in credit provisions by 57% versus the same period

last year due to improved asset quality complemented by efficient collection and recovery efforts. Gross non-performing loans ratio decreased from 6.1% in December 2021 to 3.5% in December 2022.

Total assets reached ₱264.42 billion while total deposits were at ₱213.77 billion. Total capital was higher by 6% at ₱37.14 billion. The Bank's total capital adequacy ratio and tier 1 capital ratio also improved to 24.8% and 24.0% respectively, both exceeding the regulatory requirements set by Bangko Sentral ng Pilipinas.

2022 was another milestone for PSBank as it posted a historic-high net income. Aside from a recovering economy which resulted in rising consumer loan demand, the Bank's financial performance last year clearly is a reflection of our strategic resolve to consistently be customer-focused, and enable the power of technology to increase productivity and efficiency. The Bank has a strong and retooled workforce which demonstrated how organizational flexibility can be a key differentiator in a volatile business environment. The Bank continuously makes the digital services robust and reliable, but the core service principle remains the same: always make it simple and effortless for the customers.

In **2021**, the Bank closed the year with a net income of ₱1.5 billion, higher by 39% from previous year. The strong income performance was on the back of the increase in fee income by 22%, operating efficiencies which saw expenses decline by 3%, and the reduction in loan loss provisions owing largely to improved asset quality and effective collection efforts. Net non-performing loans ratio significantly dropped to 3.4% from 5.2% in 2020. Total deposits grew 29% to ₱216.80 billion from ₱167.46 billion. Year-on-year, the Bank saw loan applications increasing. As the economy opened up and pandemic alert levels downgraded, consumer loan demand started to pick up in the second half of 2021. Total assets closed higher by 19% to ₱261.81 billion from ₱219.41 billion a year ago. PSBank's capital position was strong at ₱34.89 billion. Total Capital Adequacy and Common Equity Tier 1 (CET1) Ratios improved significantly to 24.3% and 23.2% respectively, both above the statutory requirement set by the Bangko Sentral ng Pilipinas (BSP).

The Bank was also recognized as one of BSP's Outstanding Stakeholders for being an exemplary partner in promoting its advocacies. In the same year, the Institute of Corporate Directors (ICD) bestowed the Golden Arrow Award to PSBank for its commitment to good corporate governance. In 2021, the Bank made available an Account Onboarding Facility through the PSBank Mobile App which allows new-to-bank clients to seamlessly open a savings or prepaid account without the need to go to any of its branches. Customers can now also reload their Tollway RFIDs via the PSBank Online and Mobile App, as well as pay their PSBank Loans in all 7-Eleven outlets. The reliability and exceptional user experience provided by its digital platforms saw mobile and online transactions nearly quadruple in the last two years.

In **2020**, the Bank reported a full year net income ended at ₱1.11 billion, ₱1.92 billion, or 63.41% lower than 2019 full year net income of ₱3.03 billion. The lower income was primarily due to credit prudence and muted loan demand. Loans and Receivables decreased by 13.30% to ₱142.52 billion from ₱164.38 billion as of December 31, 2019, driven by the lower demand in the Bank's consumer lending business brought about by the pandemic.

The Bank added two more powerful features on its mobile app. Using their mobile devices, customers can now book time deposits as well as use the QR (quick response) code for faster and more convenient transactions. To ensure the safety and convenience of its borrowers, the Bank also made settlement of PSBank loans via InstaPay available. Proof that the Bank was successful in delivering relevant and simple solutions for the customer, the digital enrolments and utilization soared by 56% and 143%, respectively, in 2020. In a pandemic situation, communication and coordination between management and staff becomes more critical. In addition to the regular meetings of the Business Continuity team, PSBank kept everyone in the organization apprised of the latest developments via virtual meeting and social media platforms such as Webex and Workplace from Facebook. It also ensured that productivity will not suffer by instituting enhanced Daily Attendance Record and performance reporting systems. The Bank also saw the need to upgrade its F5 server to accommodate the growing demand for its digital applications. It also rolled out various automation projects to manage the rise in transaction volume, improve turnaround time and customer experience, strengthen internal controls, among others. These are just a few of the strategies that PSBank employed to ensure the safety of its employees and serve its customers. It will continue to navigate this ever-changing situation even as it makes "safety first" a way of life in the New Normal.

## 2. Business of Issuer

### a. Products and Services

Philippine Savings Bank (PSBank) is the consumer and retail thrift bank arm of the Metrobank Group, one of the Philippines' largest and leading banks. For more than 60 years, PSBank has built a reputation for its Simple Lang. Maaasahan (simple and reliable) brand of banking. Enabled by digital technology, we are able to delight our customers at every encounter. The core business of PSBank is focused on expansion of the consumer business by growing its retail deposit and consumer loans, including SME, through various channels which include, but are not limited to, branch and digital channels.

<b>Deposits</b>	
<b>Savings Accounts</b>	<b>Time Deposit Accounts</b>
PSBank Kiddie & Teen Savings	PSBank Peso Prime Time Deposit
PSBank Peso Personal ATM Savings	PSBank Peso Time Deposit
PSBank Peso Passbook Savings	
PSBank Peso OFW ATM Savings	<b>Foreign Currency Accounts</b>
<b>Checking Accounts</b>	PSBank USD Passbook Savings
PSBank Peso Regular Checking	PSBank Dollar Time Deposit
PSBank Premium Peso Checking	PSBank Euro Passbook Savings
<b>Consumer Loans</b>	
PSBank Auto Loan with Prime Rebate	PSBank Home Construction Loan
PSBank Flexi Personal Loan with Prime Rebate	PSBank Multipurpose Loan
PSBank Home Loan with Prime Rebate	PSBank Payroll Cash Advance (VALE)
PSBank Home Credit Line	
<b>Commercial Loans</b>	
PSBank SME Business Credit Line	PSBank Credit Line
PSBank SME Term Loan with Prime Rebate	PSBank Standby Credit Line Certification
PSBank Domestic Bills Purchase Line	
<b>Trust Products and Services</b>	
PSBank Money Market Fund	Investment Management Account
Escrow Account	Personal Management Trust
Employee Benefit/ Retirement Fund Management	e-Trust
<b>Other Products and Services &amp; Digital Offerings</b>	
PSBank Debit Mastercard	PSBank Mobile Time Deposit Placement
PSBank Prepaid Mastercard	PSBank QR Code
PSBank Credit Mastercard	PSBank Toll RFID & Mobile Reload
PSBank Online	PSBank PaSend Mobile Remittance
PSBank Mobile	PSBank Remittance Services
PSBank Business Online Buddy (Corporate Internet Banking)	PSBank & AXA Bancassurance Cross-selling Arrangement
PSBank e-Credit	PSBank Bills Payment Collection
PSBank Online Account Opening	PSBank LiveChat
PSBank Online Loan Application	PSBank ISSA Chatbot Service
PSBank Mobile Check Deposit	PSBank Cardless Withdrawal
PSBank Payme	Cashless Payment to Merchants via QR Ph (Pay to Merchant)

### b. Business Contribution

			December 31			
			(In Millions)			
	2022	%	2021	%	2020	%
INTEREST INCOME ON						
Loans and receivables	₱10,160		₱12,149		₱15,666	
Due from other banks	4		-		1	
Investment securities	2,574		1,497		1,344	
Due from BSP	1,254		648		222	
Interbank loans receivable and securities purchased under resale agreements	196		71		85	

	December 31 (In Millions)					
	2022	%	2021	%	2020	%
	14,188		14,365		17,318	
INTEREST EXPENSE ON						
Bills payable	22		-		110	
Deposit liabilities	2,811		1,637		2,772	
Bonds payable	224		438		583	
Lease Liabilities	80		85		100	
	3,137		2,160		3,565	
NET INTEREST INCOME	11,051	73%	12,205	80%	13,753	83%
NET SERVICE FEES AND COMMISSION INCOME	1,682	11%	1,533	10%	1,257	8%
OTHER OPERATING INCOME (CHARGES)	2,288	15%	1,422	10%	1,559	9%
SHARE IN NET EARNINGS OF A JOINT VENTURE	83	1%	42	-	40	-
TOTAL OPERATING INCOME BEFORE OPEX AND INCOME TAX	₱15,104	100%	₱15,202	100%	₱16,610	100%

**c. Distribution Methods of Products and Services**

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 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.

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 Bank's assets generating revenues are all located in the Philippines.

The Bank presented the disclosure requirements prescribed under PFRS in Note 6 of the Audited Financial Statements (Exhibit 5).

**d. Status of any publicly-announced new products or services**

In 2022, the collaborative spirit of our people, paired with our robust digital infrastructure, enabled us to create memorable and delightful experiences for PSBank customers.

In keeping with our retail proposition of making banking simpler and delivering exceptional customer experience at every touchpoint, we continually improved our PSBank Mobile/Online as part of our robust, reliable, and secure digital service channels.

To further make the customer experience in our PSBank Mobile more delightful, we added more information on their account transaction history for fund transfers, bills payment, telco reload, and point-of-sale and online transactions. This is for better referencing by customers when reconciling their transactions.

We continued to promote the use of quick response (QR) code as a payment mode to retail stores and other merchants. This enabled payments to QR Ph-ready stores and establishments in our mobile app and online via scanning of the QR Ph codes at point of sale. QR Ph is the country's QR code standard

which unifies the different domestic QR-based cashless payment schemes allowing for interoperability among participating institutions, efficiency in the payment ecosystem and convenience for the customers.

To boost the use of our digital channels, we promoted our initiatives through various multimedia platforms, including social media.

Products/Services	Launch Date
Transaction History (More Transaction Details) in PSBank Mobile and Online	June 17, 2022
QR Ph Payments to Merchants (P2M) via PSBank Mobile and Online	September 15, 2022

#### e. Competition

The Philippine banking system, as well as the thrift banks, is sound, stable, and supportive of both strong and inclusive economic growth.

According to Bangko Sentral ng Pilipinas (BSP) as of December 31, 2022, the country's banking system comprised of 45 universal banks and commercial banks, 43 thrift banks and 403 rural banks.

As the thrift banking arm of the Metrobank Group, Philippine Savings Bank (PSBank) continues to persevere in steadfast dedication to deliver its promise of making things simple and reliable for its customers. Combined with financial discipline, constant investment in innovation and information technology, and constant retooling and relearning among its people, 'copability' is what made PSBank tick.

PSBank accounted for 27% of total assets among thrift banks as of end-December 2022 based on the latest published financial statements of the BSP. The Bank's performance was a result of its continuing efforts to make the organization strong and flexible to ensure that the Bank is prepared to face the uncertainties of an ever-changing business environment.

#### f. Innovations and Promotions

PSBank continued to deploy tools to advance process digitization, robotics, and data analytics. This enabled the Bank to further improve its operational efficiency on one hand, and provide customers with experiences that match those delivered by digital natives.

A number of the Bank's 2022 initiatives included:

- Automatic printing of ATM cards post-approval, largely eliminating errors in customer name and details
- Revised Fund Transfer screen for better user experience and increased PESONet cutoffs via multiple batch posting within the day, making fund transfers more convenient
- Improved mobile check deposit through auto-capture enhancement
- Email-based post-dated check (PDC) reminders
- End-to-end reconciliation for BancNet, Cirrus, and Visa transactions, accelerating the process with minimal possibility for errors
- Improved float dispositions for BancNet and similar transactions as well as DST affixal, optimizing loan processing and accounts booking
- Online validation of electronic Phil ID with the PhilSys Website

The Bank also completed the implementation and full compliance with the ISO 20022 messaging format, in which all InstaPay transactions and QR code connections became ISO-certified by BancNet. ISO 20022 is a single standardization approach used to have a common platform for the development of messages interfacing and communication. The Bank continued to promote the use of quick response (QR) code as a payment mode to retail stores and other merchants.

In 2022, PSBank established a Yellow Note System for external client complaints and employees' administrative concerns. This acts as a database for all complaint information, readily available and accessible at any time to authorized personnel. It allows automated encoding, tracking, and notification of complaints, allowing for fail-proof, real-time status availability.

To boost the use of digital channels, PSBank promoted initiatives through various multimedia platforms, including social media. The social selling management tool in its customer experience portal also enabled its sales officers and branch heads to easily retrieve a wealth of advertising and sales materials to support their selling activities. The Bank ran a series of 30-second digital advertisements with the campaign theme “Simplehan Natin” that embodied the Bank’s pursuit of simple, reliable banking for its clients at all times. These digital ads revolved around enhanced savings account opening, loan availment, use of PSBank Mobile, among others.

In an increasingly volatile, pandemic-prone world, PSBank remains true to its commitment to give back to the community, building a sustainability-centric culture, and providing positive social value to help make a difference.

**g. Customer/Clients**

There is no single customer that accounts for 20% or more of the Bank’s deposits and loans.

**h. Transactions with and/or dependence on related parties**

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Note 29 of the Audited Financial Statements (Exhibit 5).

**i. Patents, Trademarks, Copyrights, Licenses, Franchises, etc.**

The Bank sells its products and services thru the PSBank trademarks and/or trade names.

**j. Government approval of principal products or services**

Its authority to operate as a thrift bank governs the Bank’s principal products and services. Existing products and services are within the scope allowed under the Bank’s regulatory licenses.

**Effect of Existing or Probable Government Regulations**

Capital Adequacy

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.

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 and unsecured subordinated debt (refer to Note 17). 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.

In 2017, the General loan loss provision is limited to a maximum of 1% of credit risk-weighted assets, and any amount in excess thereof is deducted from the credit risk-weighted assets in computing the denominator of the risk-based capital ratio. Meanwhile, the credit-risk weighted asset is net of General loan loss provision, in excess of the amount permitted to be included in Tier 2.

On August 14, 2018, the Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1011 covering guidelines on the adoption of the Philippine Financial Reporting Standard (PFRS) 9 - Financial Instruments. Under the said circular, banks shall set up general loan loss provision (GLLP) equivalent to one percent (1%) of all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. Banks are not required to provide a one percent (1%) GP on other credit exposures covered by PFRS 9 such as off-balance sheet accounts and investments. Banks shall use Retained Earnings Reserve-Others as temporary account of Retained Earnings-General Provision (RE-GP). As a temporary presentation in CAR reports, the Retained Earnings (RE) included in Common Equity Tier (CET)/Core Tier 1 shall be net of Retained Earnings-General Provision. In computing Tier 2 Capital, the General Loan Loss provision (GLLP), shall include the RE-GP. However, the GLLP added back to on-balance sheet assets subject to risk-weight shall not include the RE-GP since when appropriating the RE, total assets is not affected. The Bank is compliant with the BSP Circular No. 1011.

In 2018, the computation of GLLP is in compliance with BSP Circular No. 1011, wherein the Bank developed ECL parameters and methodologies for each portfolio of its loans and receivables, using historical data as well as forward-looking inputs and assumptions.

Risk-weighted on-balance sheet assets covered by credit risk mitigants were based on collateralized transactions as well as guarantees by the Philippine National Government (PNG) and those guarantors and exposures with highest credit rating. Third party credit assessments were based on the ratings by Standard & Poor's, Moody's, Fitch and PhilRatings on exposures to Sovereigns, MDBs, Banks, LGUs, Government Corporations and Corporates. The Bank has no exposures to securitization structures. Further, it has no structured products issued or purchased.

The Bank uses the standardized approach to compute the market risk exposures for the Capital Adequacy Ratio. For each separate risk area (credit, market, operational, interest rate risk), the details of risk exposures and assessments are disclosed in Note 5 of the audited financial statements.

The Bank uses the Basic Indicator Approach in computing for the operational risk capital charge.

The description of the main features of capital instruments issued on common shares and those eligible as Tier 2 capital are presented in Note 21 and Note 17 of the audited financial statements, respectively.

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.

#### Leverage Ratio

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 December 31, 2021, the Bank maintains these ratios above minimum requirements as shown in the table below (in millions):

	2022	2021
A. Capital Measure	<b>₱33,521</b>	<b>₱30,696</b>
B. Exposure Measure	<b>263,482</b>	<b>259,871</b>
C. Basel III Leverage Ratio (A/B)	<b>12.72%</b>	<b>11.81%</b>

Summary Comparison of Accounting Assets and Common Disclosure vs. Leverage Ratio Exposures as of December 31, 2022 and 2021 are shown in the table below (in millions):

Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure	2022	2021	Common Disclosure vs. Leverage Ratio Exposure	2022	2021
Total consolidated assets	<b>₱263,377</b>	₱260,825	On-balance sheet exposures	<b>₱260,794</b>	₱255,325
Adjustments for derivative financial instruments	–	–	Derivative exposures	–	–
Adjustments for securities financial transactions	–	–	Securities financing transaction exposures	<b>2,651</b>	4,533
Adjustments for off-balance sheet items	<b>37</b>	13	Other off-balance sheet exposures	<b>37</b>	13
Other adjustments	<b>68</b>	(967)	Tier 1 capital	<b>33,521</b>	30,696
			Total Leverage Ratio exposures	<b>₱263,482</b>	₱259,871

Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure	2022	2021	Common Disclosure vs. Leverage Ratio Exposure	2022	2021
Leverage Ratio Exposures	₱263,482	₱259,871	Basel III Leverage Ratio	12.72%	11.81%

Meanwhile, the reconciliation requirement that details the source(s) of material differences between Banks' total balance sheet assets in its financial statements and on-balance sheet exposures in the common disclosure template are shown in the table below (in millions):

	On-balance sheet exposures	Audited	Variances
Cash on Hand	₱1,931	₱1,931	₱–
Due from Bangko Sentral ng Pilipinas	37,553	37,553	–
Due from Other Banks	2,906	2,910	(4)
Fair Value Through Profit or Loss (FVTPL) Investments	0	0	–
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	69,557	69,661	(84)
Investment Securities at Amortized Cost	30,422	30,422	–
Loan Portfolio (Net)	108,906	108,906	1
Sales Contract Receivable (Net)	10	11	(1)
Accrued Interest Income from Financial Assets (Net)	2,531	2,548	(17)
Equity Investment in Subsidiaries, Associates and Joint Ventures (Net)	816	816	–
Bank Premises, Furniture, Fixture and Equipment (Net)	3,202	3,127	75
Real and Other Properties Acquired (Net)	2,353	4,031	(1,678)
Goodwill (Net)	30	54	(24)
Other Intangible Assets (Net)	280	280	–
Deferred Tax Asset	848	280	568
Other Assets (Net)	2,032	1,891	122
<b>Total Assets (FRP / AFS)</b>	<b>263,377</b>	<b>264,421</b>	<b>(1,044)</b>
Reconciling Items:			
Add: General Loan Loss Provision (GLLP)	2,232	–	2,232
Less: Derivatives with Positive Fair Value Held for Trading	–	–	–
Less: Securities and Financing Transactions-Repurchase agreements-Buyer	2,651	2,651	–
<b>On-balance sheet exposures (BLR)   Total Assets (AFS)</b>	<b>₱262,958</b>	<b>₱261,770</b>	<b>₱1,188</b>

#### Liquidity Coverage Ratio

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%) LCR floor for subsidiary banks and QBs during the observation period, (3) minimum requirement of one hundred (100%) starting January 1, 2020.

As of December 31, 2022 and 2021, the LCR in single currency as reported to the BSP is shown in the table below (in millions):

	2022	2021
A. Total Stock of High-Quality Liquid Assets	<b>136,201</b>	139,134
B. Total Net Cash Outflows	<b>85,822</b>	87,250
C. Liquidity Coverage Ratio [A/B]	<b>158.70%</b>	159.47%

#### Net Stable Funding Ratio

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%) 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%.

As of December 31, 2022 and 2021, the NSFR as reported to the BSP is shown in the table below (in millions):

	2022	2021
A. Available Stable Funding	<b>₱163,874</b>	₱167,808
B. Required Stable Funding	<b>110,358</b>	108,126
C. Net Stable Funding Ratio [A/B]	<b>148.49%</b>	155.20%

#### 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 (2.5%); and
- Countercyclical capital buffer (CCyB) of zero percent (0%) 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 (2.5%). 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.

#### ***Applicable Tax Regulations***

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.

#### **k. Research and Development Costs**

There are no major expenses on research and development activities. Expenses incurred related to these activities are included into the regular business expense of the Bank.

#### **l. Employees**

##### **People Engagement and Loyalty**

2022 was a year of transition back to in-person activities. As organizations and individual employees across industries were adjusting, PSBank made sure it was able to support its employees through People Development, People Analytics and Due Diligence, and People Sustainability.

##### **On People Development**

PSBank continues to recognize that training and education are critical components of the goal to strengthen employee skills and competencies, aside from supporting their professional and personal development. To achieve these, mandatory courses and minimum training hours are defined by job function.

Through the PSBank Business Campus (PBC), the Bank was able to relaunch in-person and hybrid trainings which covered its Ladderized Program participants and Head Office/Branch enrollees. Although there was a decrease of 2% in the total training hours for 2022, PBC invested on more high quality and in-depth training programs.

Throughout the year, the Bank conducted 587 internal training programs, a decrease of 11.73% compared to the number of programs carried out the year before.

Highlights of the year #InTheCampus also include the following:

- **Management Training/Ladderized Programs.** A total of 49 Junior Officer vacancies were after the promotion of Ladderized Program participants from the following teams: Central Operations (1), Credit and Collections (8), CX Operations (8), Decision Management and Analytics (1), Human Resources (4), Indirect Sales Channel (2), Information Technology (8),

Risk Management (1), Information Security (6), Loans Operations (1), Marketing (1), Process and Systems Management (1), Security Command (1), and Small and Medium Enterprise (6). As part of the Bank's Succession Planning, these 49 management trainees filled vacancies for Junior Officer roles.

- **1st Inter-Pillar Commencement Exercises.** A total of 53 graduates from different programs and tracks, coming from various business units were gathered in inter-pillar ceremony, a first for the PBC.
- **1st PBC Faculty Meet & Greet.** Another first since the pandemic was the face-to-face gathering of PBC faculty, *faculty excellence* being a pillar of the PBC. Forty-five (45) Subject Matter Experts (SMEs) renewed their commitment to providing #EffortlessLearningExperience.
- **New Accounts Clerk (NAC) Step-Up.** Two cycles were initiated in 2022, the first one had 30 participating Customer Service Associates (CSAs) while the second had 38.
- **New Employees Orientation (NEO)/Branch Operations.** After having virtual sessions until April 2022, NEOs for the rest of the year were conducted primarily in-person. The Bank welcomed 251 new employees.
- **Modular Object-Oriented Dynamic Learning Environment or MOODLE on Cloud.** In collaboration with the Information Technology Group, the Bank's Learning Management System, MOODLE was migrated to Cloud for easier, faster, and effortless access to available courses.

#### **On People Analytics and Due Diligence**

The Bank believes in the value of diversity to promote innovation, inclusive growth, and a collaborative organizational environment. It has 2,766 employees – 64.10% are female employees, and 35.90% are male. In terms of age, 70.79% are between ages 30 to 50, followed by the ones below 30 at 21.69% and those over age 50 at 7.52%. The Bank's Board of Directors has 9 members, two of which are female or 22% of the board make-up. The Bank launched initiatives to further strengthened in management of people-related risks through automation and analytics.

- **Integrated Workforce Experience System (IWorXS).** Employee Profiling was further improved by automating processes and deploying new modules through its internally-developed HR system, Integrated Workforce Experience System (IWorXS). Among these are enhanced reports, employee loans projection details, employee bio, certificates, and other HR Operations requirements.
- **Employee Lifestyle Check.** To help ascertain the continuing fitness and propriety of PSBankers, the Employee Lifestyle Check was further intensified. Automated reports are being generated and reviewed monthly based on parameters collaborated on by Fraud Management, Decision Management and Analytics, and Human Resources teams.
- **Employee and Labor Relations.** As a unionized organization, the Bank maintains an agreement with the PSBank Employee's Union (PSBEU) with the intent and purpose of promoting and improving the economic and social relationship between the Bank and the Union through the Collective Bargaining Agreement (CBA). The CBA covers 58.93% (1,630/2766) of the Bank's workforce. It establishes a better understanding relative to the rates of pay, hours of work and other terms and conditions of employment, providing expeditious means for the amicable adjustment of all industrial disputes, and to otherwise mutually confirm industrial peace and harmony. A CBA negotiation is held every three years between the Bank and the Union.

The Bank and PSBEU continues to align regularly through the Labor-Management Council (LMC) appropriately called Talks on Employee Affairs and other Matters or TEAM. The Council is composed of three representatives each from management and union who meet once a month to discuss any or all matters affecting the employees of the Bank.

The CBA also highlights the commitment of both management and union to help combat climate change. Section 21, Article XIV stipulates this: *“The BANK and the UNION jointly agree to actively discuss the challenges of Global Climate Change in the regular dialogues set forth by both parties. Climate Change awareness shall be discussed during the Labor-Management Council and/or disseminated through BANK media channels.”*

To strengthen its Employee Discipline Management, the Bank strengthened its Code of Conduct whose revision was approved by the Board in 2022; it also beefed up its People and Labor Relations team, resulting to significant improvement in the average turnaround time for employee case handling from 16 days in 2021 to 9.37 days in 2022. There were no legal actions nor employee grievances involving forced or child labour.

- **Voice of the People.** The Bank rolled out its annual surveys to hear, understand, take action on the Voice of PSBankers through the internally-developed Workforce Engagement Score or WES-60 and the universal employee-Net Promoter Score (e-NPS).

Despite the challenges in 2022, WES-60 – all dimensions were rated very high, as follows:

- Company Support (3.71/4.00)
- Job Performance (3.83/4.00)
- Working Relationships (3.84/4.00)
- Dedication (3.87/4.00); and
- Company Policies and Goals (3.91/4.00)

For e-NPS, the Bank registered +83 with only 56 detractors bankwide.

### **On People Sustainability**

The Bank also launched various programs to protect and sustain its workforce and likewise help them find their purpose through meaningful initiatives.

- **COVID-19 24/7 Management.** The Bank recorded 528 cases with no severe cases in 2022. All were fully attended by its 24/7 Healthy and Safety team.
- **Mind Over Matter and Psychological First Aid.** The Bank again prioritized the mental and emotional health of the employees through these efforts:
  - Production of 31 Mind over Matter/#SelfCareSunday materials
  - Release of the Annual Mental and Emotional Well-Being Check Up
  - Referral of employees with behavioral problems to resident psychologists
  - Conduct of Mental Health Webinars plus an In-person Forum:
    - Stress and Burnout Recovery: Practical Activities that Promote Resilience and Coping
    - Time and Stress Management
    - Go for the Goal: A Webinar on Healthy Goal Setting
    - Fighting a Silent Battle: A Forum on Understanding Depression
  - Celebration of the World Mental Health Day Arranged through the Color Walk which featured mental health booths.
  - Launch of *Anxiety, Phobia, at Trauma: Ano ang Pinagkaiba?* video series.
- **Over-all Employee Wellness.** The Bank also ensured that PSBankers are fit and their well-being is fully supported through the following:

- The Occupational Safety and Health Committee (OSHCom) reaffirmed its commitment and was most active throughout the year, holding monthly regrouping and action planning sessions to address all matters concerning the safety and health of PSBankers.
  - The PSBank Clinic addressed and supported the immediate health concerns of PSBankers all year-round.
  - Mobile Annual Physical Examination (APE), a first for the Bank was launched while onsite flu and pneumococcal vaccination was again conducted in 2022.
  - Blood Donation Drive was brought back in partnership with the Manila Doctors' Hospital; for the first run since the pandemic, PSBankers donated a total of 31 bags.
  - #WeekdayWellness was launched too – where Yoga and Zumba Sessions were held for various teams in Head Office and Branches
  - PSBank Sports is now back too with PSBank Elite, the Bank's official Basketball Team leading the charge.
- **Emergency Response Team (ERT).** The Bank's ERT was reinforced through the following:
    - Appointment of new Chief Emergency Brigade Officer (CEBO) and Assistant Chief Emergency Brigade Officer (ACEBO) whose primary responsibility is to lead the bankwide emergency response to threat, calamities, disasters.
    - Setting improved guidelines and processes on managing emergency response of the Bank on various threats
    - Completion of surprise earthquake and evacuation drills for PSBank HO, including building tenants. These also featured conversations on protocols during emergency.
    - Release of ERT-related write-ups, articles, and videos to promote awareness and educate PSBankers further.
- **Sustainability Initiatives.** The Bank made sustainability part of everyday conversations among PSBankers. Among the initiatives in 2022 are the following:
    - Rooftop 777 became the Bank's main sustainability space which showcases its pledge to raise awareness and commitment to a more sustainable lifestyle and workspace among PSBankers.
    - Installation of Green Gallery at the Rooftop 777 to showcase the top nature photos captured by the employees.
    - Monthly and Annual Awarding of Adopt-A-Green Spot Contest, an employee-led and employee-driven collaboration initiative that showcases
    - Conduct of the 1st Sustainability Forum entitled Love x Evolve Forum, which aimed to spark awareness and inspire action to PSBank community by discovering the purpose and journey towards sustainability by three eco-champion speakers.
    - Institutionalization of Eco-Warriors Club as the lead advocates and partners of the Bank in its sustainability programs and activities.
    - Incorporation of Sustainability component on the Job Description of every employee and evolution of the 7S housekeeping rules of the Bank from Quality Managed Work Environment (QMWE) to Green Housekeeping, which also promotes the UN Sustainable Development Goals. New checklist that supports 3 SDGs (SDG 6, SDG 12, and SDG 13) was also launched.
    - Use of sustainable items for prizes/tokens on Employee Engagement/Experience, and onboarding kits of newly-hired employees – also known as N3 Kit (New Normal NEO Kit).
    - Participation of the Bank in sustainability volunteerism activities such as the One Billion Bamboo project at the Marikina Watershed, Sitio Wawa, Rodriguez, Rizal

- and edible gardening activity with Urban Farmers PH at Bonifacio Global City, Taguig.
- Conduct of Urban Gardening and Food Compost Workshops to aid the Adopt-a-Green Spot leads, Support Services team and housekeeping personnel with basic knowledge about urban gardening & food compost and apply these on their respective roles.

### **Manpower Complement**

The following table shows the Bank's existing manpower complement:

	<b>As of December 31, 2022</b>	<b>As of March 31 , 2023</b>
Senior Officers	56	53
Junior Officers	1,080	1,079
Staff	1,630	1, 674
<b>Total</b>	<b>2,766</b>	<b>2,806</b>

### **m. Risk Management**

PSBank is exposed to all business risks that confront all banks in general, such as credit, market, interest, liquidity, legal, regulatory and operational risk. The Bank's risk management structure and process that serve as mechanism to identify, assess and manage these risks are further discussed in Note 5 of the Audited Financial Statements (Exhibit 5).

## **Item 2. Properties**

The Bank owns the premises it occupies for the Head Office and 28 of its branches. These offices and branches are all in good condition and there is no mortgage or lien on any of these properties owned by the Bank. Schedule of owned branch sites are shown in Exhibit 1.

The rest of the Bank's branch premises are under lease agreements. 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%.

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. The Bank has no immediate plans to acquire properties in relation to its branch expansion programs.

Please refer to Exhibit 2 for the schedule of branch sites under lease agreements.

## **Item 3. Legal Proceedings**

The Bank in the course of its operations and in running its business has several legal cases that are filed in its behalf and against it. However, these cases will not give any material effect to its financial status nor would have any material impact in continuing its operations. These cases are part of its daily business activities and consequence of its collection efforts and business dealings with the public.

## **Item 4. Submission of Matters to a Vote of Security Holders**

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

## **PART II. OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters**

#### **1. Market 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:

	<b>Highest</b>	<b>Lowest</b>
<b>2023:</b>		
January 31	₱57.00	₱56.50
February 28	55.10	55.10
March 31	56.95	55.05
<b>2022:</b>		
First quarter	58.20	54.80
Second quarter	58.00	55.00
Third quarter	57.85	55.00
Fourth quarter	59.00	55.00
<b>2021:</b>		
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 April 5, 2023 was at ₱56.00 per share.

#### **2. Holders**

As of March 31, 2023, the Bank has 1,442 stockholders. The Top 20 Stockholders as of March 31, 2023 are as follow:

	<b>Name of Stockholders</b>	<b>No. of Shares</b>	<b>% to Total</b>
1	METROPOLITAN BANK & TRUST COMPANY <sup>1</sup>	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) <sup>2</sup>	5,127,688	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)	2,737,183	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%

<sup>1</sup> Includes 206,331,982 shares lodged with PCD Nominee Corp.

<sup>2</sup> 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 Exhibit 10.

### **Minimum Public Ownership**

	Public Ownership		Foreign Ownership	
	Number of Shares	% of Ownership	Number of Shares	% of Ownership
December 31, 2022	45,120,706	10.57%	2,767,056	0.65%
February 28, 2023	45,120,706	10.57%	2,771,077	0.65%

### **3. 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:

<b>Cash Dividends</b>				
<b>Date of declaration</b>	<b>Per share</b>	<b>Total amount</b>	<b>Record date</b>	<b>Payment date</b>
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

<b>Stock Dividends</b>				
<b>Date of declaration</b>	<b>Per share</b>	<b>Total amount</b>	<b>Record date</b>	<b>Payment date</b>
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.

## Item 6. Management's Discussion and Analysis or Plan of Operations

The audited financial statements of the Bank are presented in Exhibit 5 as an attachment to this report. Details of the Bank's financial statements as of and for the years ended December 31, 2022, 2021 and 2020 are presented below.

### PHILIPPINE SAVINGS BANK STATEMENTS OF CONDITION

	December 31				Amount	%	Amount	%	Amount	%
	2022	2021	2020	2019	2022 vs 2021		2021 vs 2020		2020 vs 2019	
<b>ASSETS</b>										
Cash and Other Cash Items	<b>P1,930,720,274</b>	P2,801,335,279	P2,841,851,535	P2,281,813,055	(P870,615,005)	-31.08%	(P40,516,256)	-1.43%	P560,038,480	24.54%
Due from Bangko Sentral ng Pilipinas	<b>37,553,243,574</b>	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	<b>2,910,493,038</b>	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	<b>2,669,609,031</b>	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)	<b>35,875</b>	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)	<b>69,660,715,882</b>	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	<b>30,422,284,704</b>	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	<b>109,697,304,552</b>	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	<b>816,284,853</b>	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	<b>3,126,723,127</b>	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	<b>4,031,471,065</b>	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	<b>280,113,544</b>	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	<b>333,890,899</b>	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	<b>988,118,816</b>	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%
	<b>264,421,009,234</b>	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%
<b>LIABILITIES AND EQUITY</b>										
<b>Liabilities</b>										
<b>Deposit Liabilities</b>										
Demand	<b>P26,602,133,863</b>	P26,939,262,124	P25,523,284,040	P22,490,617,234	(P337,128,261)	-1.25%	P1,415,978,084	5.55%	P3,032,666,806	13.48%
Savings	<b>46,933,474,339</b>	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	<b>135,158,982,248</b>	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	<b>5,077,602,528</b>	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%
	<b>213,772,192,978</b>	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%
<b>Bills Payable</b>	<b>1,185,944,975</b>	-	-	4,189,736,932	1,185,944,975	0.00%	-	0.00%	(4,189,736,932)	-100.00%
<b>Bonds Payable</b>	<b>4,648,449,939</b>	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%
<b>Treasurer's, Cashier's and Manager's Checks</b>	<b>1,014,225,796</b>	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%
<b>Accrued Taxes, Interest and Other Expenses</b>	<b>2,506,216,736</b>	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%
<b>Income Tax Payable</b>	<b>-</b>	80,547	322,018,981	374,977	(80,547)	-100.00%	(321,938,434)	-99.97%	321,644,004	85777.00%
<b>Other Liabilities</b>	<b>4,154,367,586</b>	3,204,395,695	3,899,849,627	4,792,491,744	949,971,891	29.65%	(695,453,932)	-17.83%	(892,642,117)	-18.63%
	<b>227,281,398,010</b>	226,912,032,678	184,902,873,836	190,449,547,727	369,365,332	0.16%	42,009,158,842	22.72%	(5,546,673,891)	-2.91%

(Forward)

	December 31				Amount		%			
	2022	2021	2020	2019	2022 vs 2021		2021 vs 2020		2020 vs 2019	
<b>Equity</b>										
Common Stock	<b>₱4,268,594,160</b>	₱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	<b>11,418,563,257</b>	11,418,563,257	11,418,563,257	9,287,650,873	-	0.00%	-	0.00%	2,130,912,384	22.94%
Surplus Reserves	<b>1,043,979,211</b>	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	<b>21,207,490,714</b>	18,812,148,450	18,555,539,349	21,269,544,274	2,395,342,264	12.73%	256,609,101	1.38%	(2,714,004,925)	-12.76%
Fair Value Reserves on Financial Assets at FVOCI	<b>(48,782,635)</b>	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	<b>(748,523,773)</b>	(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	<b>2,877,392</b>	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	<b>(12,144,581)</b>	(12,144,581)	(35,097,280)	-	(0)	0.00%	22,952,699	-65.40%	(35,097,280)	0.00%
Cumulative Translation Adjustment	<b>7,557,479</b>	(6,957,415)	(21,571,852)	(12,286,144)	14,514,894	-208.62%	14,614,437	-67.75%	(9,285,708)	75.58%
	<b>37,139,611,224</b>	34,894,077,134	34,510,728,404	34,457,273,463	2,245,534,090	6.44%	383,348,731	1.11%	53,454,941	0.16%
	<b>₱264,421,009,234</b>	₱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					
<b>INTEREST INCOME ON</b>																				
Loans and receivables	<b>₱10,159,518,037</b>	₱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	<b>2,574,256,913</b>	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	<b>1,254,216,130</b>	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	<b>195,778,577</b>	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	<b>4,101,643</b>	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	<b>2,152</b>	11,272,985	45,039,478	2,152	(11,270,833)	-99.98%	(33,766,493)	-74.97%		45,037,326	2092812.55%									
	<b>14,187,873,452</b>	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%									
<b>INTEREST EXPENSE ON</b>																				
Deposit liabilities	<b>2,811,393,495</b>	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	<b>224,036,617</b>	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	<b>79,873,386</b>	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	<b>21,919,260</b>	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	<b>-</b>	-	-	125,118,285	-	0.00%	-	0.00%		(125,118,285)	-100.00%									
	<b>3,137,222,758</b>	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%									
<b>NET INTEREST INCOME</b>	<b>11,050,650,694</b>	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	<b>1,732,841,894</b>	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	<b>51,309,070</b>	47,816,732	50,825,805	88,437,296	3,492,338	7.30%	(3,009,073)	-5.92%		(37,611,491)	-42.53%									
<b>NET SERVICE FEES AND COMMISSION INCOME</b>	<b>1,681,532,824</b>	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%									
<b>OTHER OPERATING INCOME (CHARGES)</b>																				
Gain on foreclosure and sale of investment properties-net	<b>801,738,724</b>	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	<b>700,214,707</b>	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	<b>12,079,779</b>	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	<b>2,455,186</b>	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)	<b>(6,075,489)</b>	(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	<b>777,775,337</b>	700,430,805	15,466,028	554,897,890	77,344,532	11.04%	684,964,776	4428.83%		(539,431,862)	-97.21%									
	<b>2,288,188,244</b>	1,422,211,190	1,559,164,632	1,379,839,143	865,977,054	60.89%	(136,953,443)	-8.78%		179,325,489	13.00%									
<b>Total Operating Income</b>	<b>₱15,020,371,762</b>	₱15,160,281,992	₱16,569,501,956	₱14,602,211,845	(₱139,910,230)	-0.92%	(₱1,409,219,965)	-8.50%		₱1,967,290,111	13.47%									

(Forward)

	Years Ended December 31				Amount		%			
	2022	2021	2020	2019	2022 vs 2021		2021 vs 2020		2020 vs 2019	
<b>OTHER EXPENSES</b>										
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	2,082,202,992	2,084,820,312	2,023,191,282	48,517,615	2.33%	(2,617,320)	-0.13%	61,629,030	3.05%
	10,306,826,589	11,936,449,093	15,519,051,877	11,129,338,845	(1,629,622,504)	-13.65%	(3,582,602,784)	-23.09%	4,389,713,032	39.44%
<b>INCOME BEFORE SHARE IN NET INCOME OF A JOINT VENTURE AND INCOME TAX</b>	4,713,545,173	3,223,832,899	1,050,450,079	3,472,873,000	1,489,712,274	46.21%	2,173,382,819	206.90%	(2,422,422,921)	-69.75%
<b>SHARE IN NET INCOME OF A JOINT VENTURE</b>	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%
<b>INCOME BEFORE INCOME TAX</b>	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%
<b>NET INCOME</b>	₱3,678,428,259	₱1,539,492,720	₱1,108,212,278	₱3,028,337,640	₱2,138,935,539	138.94%	₱431,280,443	38.92%	-₱1,920,125,362	-63.41%
<b>Basic/Diluted Earnings Per Share</b>	₱8.62	₱3.61	₱2.60	₱7.21						

## **A. Plan of Operation**

The core business of PSBank is focused on the expansion of the consumer business by growing its retail deposits and consumer loans, including small and medium enterprises, through its various channels and digital ecosystem. Ultimately, the aim is to make things simple for the customers by providing them solutions based on actual need and enhancing their 24/7 banking experience – at every encounter in their most preferred platform.

The bank has a network of 250 branches and 559 ATMs strategically located nationwide as at end-March 2023.

## **B. Management's Discussion And Analysis**

### **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 million 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 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 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.

## Analysis 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.

#### Analysis of Financial Soundness 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. 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:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
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 Exhibit 5.

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

## **Item 7. Financial Statements**

Please refer to Exhibit 4 for the Bank's Management's Responsibility for Financial Statements for the years ended December 31, 2022, 2021 and 2020 and Exhibit 5 for the Audited Financial Statements as of December 31, 2022 and 2021, respectively.

### **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:	₱2,838,350*	₱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	%
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%

#### **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

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 same group of independent public accountants has been recommended by the Audit Committee to be re-appointed as the external auditors of the company for the year 2022. The re-appointment of SGV complies with the requirement of SEC under SRC Rule 68 (3) (b) (IV).

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.

### **PART III. CONTROL AND COMPENSATION INFORMATION**

#### **Item 9. Directors and Executive Officers of the Issuer**

##### **A. Directors and Executive Officers**

##### **Directors**

<b>Name/ Position</b>	<b>Age</b>	<b>Citizenship</b>	<b>Business Experience and Present and Past Directorship with Other Companies for the last five (5) years</b>	<b>Relatives up to 4<sup>th</sup> Civil degree</b>
<b>Jose T. Pardo Chairman/ Independent Director</b>	83	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> <li>Chairman since Jan 2003/ Independent Director since May 2007, Philippine Savings Bank*</li> <li>Chairman and Independent Director, Philippine Seven Corporation* since 2015</li> <li>Chairman and Independent Director, Philippine Stock Exchange* since 2011</li> <li>Chairman and Independent Director, Securities Clearing Corporation of the Philippines since 2011</li> <li>Chairman of Board of Advisers, Bank of Commerce since 2022</li> <li>Director ( Non-executive), National Grid Corporation of the Philippines since 2009</li> <li>Independent Director, JG Summit Holdings, Inc.* since 2003</li> <li>Director, Radio Veritas Global Broadcasting System Inc.since 2006</li> <li>Independent Director, Araneta Hotels, Inc.(Novotel) since 2016</li> <li>Independent Director, League One Finance and Leasing Corporation since 2016</li> <li>Independent Director, Del Monte Philippines, Inc. since 2018</li> <li>Chairman (Non-Executive) , ECOP Council of Business Leaders since 2009</li> <li>Chairman (Non-Executive), PCCI Council of Business Leaders since 2007</li> <li>Director and Board of Trustees, Bayaning Pulis Foundation since 2022</li> <li>Chairman and Board of Trustees, Philippine Stock Exchange Foundation since 2021</li> </ul> <u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> <li>Chairman, Bank of Commerce from 2011 to 2022</li> <li>Non – Executive Director, Monte Oro Grid Resources Corporation (Non – operational) 2016 to 2021</li> <li>Independent Director, Synergy Grid and Development Philippines, Inc. (Non-Operational) from 2014 to 2021</li> <li>Chairman, De La Salle University Inc. from 2011 to 2017</li> <li>Chairman, Assumption (Antipolo) from 2002 to 2016</li> <li>Chairman, EDSA People Power Commission from 1999 to 2001</li> <li>President, Philippine Seven Corporation* (Philippine Area Licensee of 7- Eleven, USA)</li> <li>Chairman, Wenphil Corporation (Philippine Area Licensee of Wendy's, USA)</li> </ul>	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 <sup>th</sup> Civil degree
			<ul style="list-style-type: none"> <li>Chairman, Asian Holdings Corporation</li> <li>President, Land and Housing Development Corporation</li> <li>Chairman/President, ABC Development Corporation (ABC-5) in 2004</li> <li>Chairman, Philippine Franchise Association</li> <li>Director, San Miguel Purefoods, Inc.</li> <li>Director, GMA Network Inc. (Channel 7)</li> <li>Director, Metropolitan Bank and Trust Company* (Metrobank)</li> <li>Director, Mabuhay Philippine Satellite Corporation in 2001</li> <li>Director, Coca - Cola Bottlers Philippines, Inc.</li> </ul> <p><u>Past experiences/ Positions held in Government Service</u></p> <ul style="list-style-type: none"> <li>Cabinet Secretary, Department of Finance (DOF) from 2000 to 2001</li> <li>Cabinet Secretary, Department of Trade and Industry (DTI) from 1998 to 1999</li> <li>Governor for the Philippines, Asian Development Bank from 1991 to 2000</li> <li>Alternate Governor for the Philippines, International Monetary Fund in 2000</li> <li>Governor, International Fund for Agricultural Development (IFAD) in 2000</li> <li>Chairman, Committee on Privatization (COP) from 2000 to 2001</li> <li>Chairman, Philippine Deposit Insurance Co. (PDIC) from 2000 to 2001</li> <li>Chairman, Trade and Investment Development Corp. from 1998 to 1999</li> <li>Vice Chairman, Economic Coordinating Council (ECC) from 1999 to 2000</li> <li>Member, Bangko Sentral Monetary Board from 1998 to 2001</li> <li>Chairman, Philippine Business Center Inc. from 2011 to 2019</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>Master's Degree in Business Administration- First graduate under the Harvard- DLSU Advisory Program, De La Salle University Manila, Philippines</li> <li>BS Commerce, Major in Accounting, De La Salle University Manila, Philippines</li> <li>Doctor of Science in Finance, Honoris Causa De La Salle University, Manila Philippines</li> <li>Doctor of Humanities, Honoris Causa, Gregorio Araneta University Foundation</li> <li>Honorary Doctorate, Academy of Multi-Skills, United Kingdom</li> </ul>	
<b>Arthur V. Ty Vice Chairman</b>	56	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> <li>Vice Chairman, Philippine Savings Bank* since 2001</li> <li>Chairman, Metropolitan Bank &amp; Trust Company* since 2012</li> <li>Senior Adviser, First Metro Investment Corporation since 2020</li> <li>Director, Federal Land, Inc. since 2006</li> <li>Chairman, Great Mark Resources Corp. since 2006</li> <li>President/ Director, Horizon Royale Holdings, Inc.</li> </ul>	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 <sup>th</sup> Civil degree
			<p>since 2000</p> <ul style="list-style-type: none"> <li>Chairman, Metrobank Foundation, Inc. since 2019</li> <li>President, Philippine Securities Corp. since 2003</li> <li>Director, Philippine Securities Corp. since 1996</li> <li>Director, Grand Titan Capital Holdings, Inc. since 2007</li> <li>Director, GT Capital Holdings, Inc. since 2007</li> <li>Chairman, Grand Titan Capital Holdings, Inc. since 2008</li> <li>President/ Chairman, Nove Ferum Holdings, Inc. since 2009</li> <li>Chairman/President, Jam Holdings Inc. since 2022</li> <li>Chairman, Metropolitan Bank (China) Ltd. since 2009</li> <li>Chairman/Director, Ferum Cee Inc. since 2011</li> <li>Chairman, GT Foundation Inc. since 2019</li> <li>Trustee, GT Foundation Inc. since 2009</li> <li>Vice Chairman, Philippine AXA Life Insurance since 2017</li> <li>Director, Philippine AXA Life Insurance since 2016</li> <li>Chairman / President, Milgen Holdings Inc. since 2016</li> <li>Trustee, Metrobanker Foundation Inc. since 2007</li> <li>Trustee, Norbertro &amp; Tytana Ty Foundation Inc. since 1994</li> </ul> <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> <li>President, Philippine Savings Bank* from 2000 to 2001</li> <li>President, Metropolitan Bank &amp; Trust Company* from 2006 to 2012</li> <li>Vice Chairman, Great Mark Resources Corp. from 2012 to 2015</li> <li>Chairman, Great Mark Resources Corp. from 2006 to 2012</li> <li>Director, Global Business Power Corporation from 2009 to 2012</li> <li>Vice Chairman, GT Capital Holdings Inc.* from 2014 to 2016</li> <li>Chairman, GT Capital Holdings Inc.* from 2012 to 2014 and from 2016 to 2022</li> <li>Director, Cathay Int'l Resources Corp. from 2005 to 2012</li> <li>Vice Chairman, Cathay Int'l Resources Corp. from 2006 to 2012</li> <li>Director, AXA Philippines from 2016 to 2017</li> <li>Vice Chairman, Metrobank Foundation, Inc. since 2006 to 2018</li> <li>Chairman, Manila Medical Services, Inc. from 2017 to 2019</li> <li>Vice Chairman/ Director, First Metro Investment Corporation since 2012 to 2020</li> <li>Chairman/ Director, Global Treasure Holdings Inc. since 2006 to 2019</li> <li>Vice Chairman. Charter Ping An Insurance Corp. from 2018 to 2022</li> <li>Chairman, GT Capital Holdings Inc.* from 2016 to 2022</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>MBA, Columbia University</li> <li>BS Economics, University of California Los</li> </ul>	

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 <sup>th</sup> Civil degree
			Angeles	
<b>Vicente R. Cuna, Jr. Vice Chairman</b>	61	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> <li>• Vice Chairman, since 2018 / Director since 2013, Philippine Savings Bank*</li> <li>• Director, Metropolitan Bank and Trust Company* since 2014</li> <li>• Senior Executive Vice President, Enterprise Services Sector – Metropolitan Bank and Trust Corporation* since 2018</li> </ul> <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> <li>• Chairman, ORIX Metro Leasing &amp; Finance Corporation from 2016 to 2022</li> <li>• Chairman, ORIX Auto Leasing Philippines Corporation from 2016 to 2022</li> <li>• Chairman, ORIX Rental Corporation from 2016 to 2022</li> <li>• Chairman, OMLF International Trading Development Corp. from 2016 to 2022</li> <li>• Chairman, OMLF Insurance Agency, Inc. from 2016 to 2022</li> <li>• President, Philippine Savings Bank* from 2013 to 2018</li> <li>• Senior Executive Vice President/Head, Metrobank* – Institutional Banking Sector from 2012 to 2013</li> <li>• Executive Vice President/Head, Metrobank* – Corporate Banking Group from 2006 to 2012</li> <li>• Adviser, Metropolitan Bank and Trust Company* from 2007 to 2009</li> <li>• Director, FMIC from 2011 to 2015</li> <li>• Chairman, Metro Remittance Center, Inc. (California) from 2010 to 2013</li> <li>• Vice Chairman, Metro Remittance Center Inc. (U.S.A) from 2010 to 2013</li> <li>• Chairman, Metro Remittance Inc. (Canada) from 2010 to 2013</li> <li>• Vice Chairman, MB Remittance Center Ltd. (Hawaii) from 2010 to 2013</li> <li>• Vice Chairman, PSBank* from 2009 to 2011</li> <li>• Director, Asia Pacific Top Mgt., Int'l., Resources Corp. from 2008 to 2013</li> <li>• Adviser, FMIC-HK from 2006 to 2008</li> <li>• Director, SMBC Metro Investment Corp. from 2006 to 2009</li> <li>• Vice - President, Citibank Manila from 1995 to 2006</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>• Pursued further studies (MBA) at the Ateneo de Manila Graduate School of Business</li> <li>• AB Economics, De La Salle University Manila</li> </ul>	None
<b>Samson C. Lim Independent Director</b>	74	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> <li>• Independent Director, Philippine Savings Bank* since 2008</li> <li>• Chairman, BLIMS Lifestyle Group (BLG) since 2013</li> <li>• Chairman, Collins International Trading Corp. since 1977</li> <li>• Chairman, Francorp Philippines since 1996</li> <li>• President, Canadian Tourism &amp; Hospitality Institute since 2011</li> <li>• Chairman Emeritus/ International Relation,</li> </ul>	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 <sup>th</sup> Civil degree
			<p>Philippine Franchise Association since 2005</p> <ul style="list-style-type: none"> <li>Chairman Emeritus, Philippine Retailers Association since 2000</li> <li>Chairman for Tourism and Franchising, Philippine Chamber of Commerce and Industry since 2022</li> </ul> <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> <li>Chairman for Tourism, Retail and Franchise, Philippine Chamber of Commerce and Industry from 2020 to 2021</li> <li>Director for Tourism, Retail and Franchise, Philippine Chamber of Commerce and Industry from 2018 to 2019</li> <li>President, LG Collins Electronics Philippines, Inc. from 1988 to 1999</li> <li>Vice Chairman for Asia, World Franchise Council from 2001 to 2002</li> <li>Chairman, Federation of Asian Retailers Association (FARA) from 1992 to 1993</li> <li>Founding Member, Institute of Corporate Governance in 1999</li> <li>President and Adviser, Philippines - Korea Economic Council from 1987 to 1999</li> <li>Director, USAID - Trade and Investment Policy Analysis and Advocacy in 1992</li> <li>Director, Chamber of Furniture Industries of the Philippines in 2001</li> </ul> <p><u>Past experiences/ Positions held in Government Service</u></p> <ul style="list-style-type: none"> <li>Undersecretary and General Manager, Department of Trade and Industry- National Dev't Company (NDC) from 1999 to 2000</li> <li>Chairman, First Cavite Industrial Estate from 1999 to 2000</li> <li>Philippine Representative, ASEAN Fertilizer Corp (Ventulu) from 1999 to 2000</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>Master in Business Economics (MBE), University of Asia and the Pacific</li> <li>Exchange Student, Sophia University, Tokyo, Japan</li> <li>Special Training on International Business, Institute of International Studies and Training, Fujinomia, Japan</li> <li>Top Management Program, Asian Institute of Management</li> <li>BS Liberal Arts, Cum Laude, Ateneo de Manila University</li> </ul>	
<b>Jose Vicente L. Alde Director/President</b>	56	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> <li>President since April 2018, Philippine Savings Bank*</li> <li>Director since 2016, Philippine Savings Bank*</li> <li>Chairman/Director, Sumisho Motor Finance Corporation since 2016</li> <li>Director, Metropolitan Bank and Trust Corporation*since 2022</li> <li>Trustee, Chamber of Thrift Banks since 2020</li> </ul> <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> <li>Trustee/ Trustee-in-Charge from 2020 to 2021, ELECOM Member from 2018 to 2021, Chamber of Thrift Banks</li> </ul>	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 <sup>th</sup> Civil degree
			<ul style="list-style-type: none"> <li>Executive Vice President from July 2010-April 2018, Philippine Savings Bank*</li> <li>Senior Vice President from 2007 – June 2010, Philippine Savings Bank*</li> <li>Director, Metrobank Card Corporation from 2015 to 2016</li> <li>Vice President, ABN AMRO BANK from 1999 to 2007</li> <li>Assistant Vice President, ABN AMRO BANK from 1995 to 1999</li> <li>Business Development Manager, Household Development from 1993 to 1994</li> <li>Key Account Manager, Johnson and Johnson from 1992 to 1993</li> <li>Computer Programmer, World Health Organization from 1988 to 1990</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>Master in Business Management, Asian Institute of Management</li> <li>Bachelor of Computer Science, University of the Philippines, Diliman, Quezon City</li> </ul>	
<b>Ma. Soledad D.S. De Leon Director</b>	64	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> <li>Director, Philippine Savings Bank* since 2016</li> <li>Chairman/ Treasurer, Casa Medica Inc. since 1995</li> <li>Chairman/ Treasurer, SODEL Milling Corp. since 1995</li> <li>President/ Treasurer, SODEL Realty, Inc. since 1995</li> <li>Director, Candelaria Rural Bank since 2017</li> <li>Director, St. Patrick College since 2002</li> <li>Director, Yaman Lahi Foundation Inc. (Emilio Aguinaldo College) since 1993</li> <li>Director, University Physician Services Inc. since 1993</li> <li>Director, Property Holdings, Inc. since 1993</li> <li>Director, Hospital Management Services Inc. (Medical Center Manila) since 1993</li> <li>Director, The Pearl Manila Pearl of the Orient &amp; Seas Hotel &amp; Recreational Resort, Inc. since 1993</li> <li>Vice President /Treasurer, Fil - Homes Realty Development Corp. since 1993</li> <li>Vice President, Lipa Golden Land Development Inc. since 1994</li> </ul> <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> <li>Consultant, Candelaria Rural Bank from 2016 to 2017</li> <li>Vice President/ Treasurer, Candelaria Rural Bank since 1998 to 2016</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>International Management Studies, University of California, Los Angeles, USA</li> <li>BS in Business Administration Major in Business Management, St. Paul College of Manila</li> </ul>	None
<b>Eduardo A. Sahagun Independent Director</b>	65	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> <li>Independent Director, Philippine Savings Bank* since 2017</li> <li>Chairman, Edcommerce Corporation since 2017</li> <li>President &amp; CEO, Union Galvasteel Corporation</li> </ul>	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 <sup>th</sup> Civil degree
			<p>since 2017</p> <ul style="list-style-type: none"> <li>• Director, Union Galvasteel Corporation since 2010</li> <li>• President &amp; CEO, Phinma Solar Energy Corporation since 2017</li> <li>• President &amp; CEO, Philcement Corporation since 2017</li> <li>• Board of Trustees, Phinma Foundation Inc. since 2019</li> <li>• Director, Phinma Property Holdings Corporation since 2016</li> <li>• Director, T-O Insurance Brokers, Inc. since 2019</li> <li>• Director, Phinma Corporation since 2021</li> <li>• Director, Song Lam Cement Joint Stock Company since 2021</li> <li>• Director, Cagayan De Oro College, Inc. since 2021</li> <li>• Director, First Batangas Hotel Corporation since 2021</li> <li>• Director, Philcement Corporation since 2022</li> </ul> <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> <li>• Director, Phinma Renewable Energy Corporation since 2017 to 2021</li> <li>• Director, Holcim Philippines, Inc.* from 2010 to 2017</li> <li>• President, Holcim Philippines, Inc.* from 2013 to 2017</li> <li>• Chief Executive Officer, Holcim Philippines Inc.* from 2013 to 2016</li> <li>• Senior Vice President –Sales, Marketing, Technical Services &amp; Commercial, Holcim Philippines, Inc.* from 2007 - 2012</li> <li>• Chief Financial Officer, Holcim Philippines, Inc.* from 2002 - 2007</li> <li>• Senior Vice President –Treasurer, Bacnotan Consolidated Industries, Inc. (part of Phinma Group's Cement Division, which was acquired by Holcim) from 1995 to 2002</li> <li>• Chairman, Holcim Mining and Development Corporation from 2013 to 2017</li> <li>• Director, Holcim Philippines Manufacturing Corporation from 2013 to 2017</li> <li>• Member, Board of Trustees, Cement Manufacturers Association of the Philippines from 2013 to 2016</li> <li>• Member, Board of Trustees, Philippine Business for the Environment, Inc. from 2014 to 2016</li> <li>• Treasurer, Phinma Cement Group (Central Cement Corporation, Davao Union Cement Corporation and Hi Cement Corporation since 1995 to 2002)</li> </ul> <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> <li>• Masters in Management Science, Arthur D. Little Management Education Institute, (now Hult International Business School) Boston, USA</li> <li>• Masters in Business Administration, Ateneo Graduate School of Business</li> <li>• BS Commerce , Major in Accounting, Holy Angel University</li> <li>• Senior Management Program, Senior Leadership Program, Managing Change Program, IMD, Switzerland</li> </ul>	

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

\*Company listed at The Philippine Stock Exchange, Inc.

### Executive Officers

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

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

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

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

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

### 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**

The following have been duly nominated to become members of the Bank's 2023-2024 Board of Directors:

**Incumbent Directors:\***

Arthur V. Ty  
 Eduardo A. Sahagun  
 Vicente R. Cuna, Jr.  
 Ma. Soledad D.S. De Leon  
 Jose Vicente L. Alde  
 Rosanna F. De Vera  
 Francisco S. Magsajo, Jr.  
 Higinio O. Macadaeg Jr.  
 Rufino Luis T. Manotok

\*Please refer to Item 5. Directors and Executive Officers (a) Directors for brief professional background.

New Nominees:

**Higinio O Macadaeg Jr.**

**Rufino Luis T. Manotok**

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4th Civil degree
<b>Higinio O. Macadaeg, Jr. Independent Director</b>	<b>63</b>	<b>Filipino</b>	<p><b><u>Present Involvements</u></b></p> <ul style="list-style-type: none"> <li>• Independent Director, Philippine Savings Bank*, April 2023</li> <li>• Chairman, CIIF Finance and Development Corporation since 2018</li> <li>• Chairman, CIIF Foundation since 2018</li> <li>• Managing Director, New Horizons Financial Consultants Inc. since 2020</li> <li>• Director, Golden Legacy Finance Corporation since 2021</li> <li>• Director, Unistar Finance and Credit Corporation since 2021</li> <li>• Director, Mabuhay Energy Corporation since 2021</li> </ul> <p><b><u>Past Experiences/ Positions Held</u></b></p> <ul style="list-style-type: none"> <li>• Managing Director, Risk Trends Inc., 2002</li> <li>• Executive Vice President, Equitable PCI Bank, 2001</li> <li>• Senior Vice President, Metropolitan Bank and Trust Company, 2000</li> <li>• Senior Vice President, Solidbank Corporation, 1993</li> <li>• Vice President, Standard Chartered Bank, 1990</li> <li>• Assistant Vice President, Citytrust Banking Corporation, 1982</li> <li>• Assistant Manager, Filinvest Credit Corporation, 1981</li> </ul> <p><b><u>Past experiences/ Positions held in Government Service</u></b></p> <ul style="list-style-type: none"> <li>• President/CEO, United Coconut Planters Bank, 2016</li> <li>• Executive Vice President, United Coconut Planters Bank, 2003</li> </ul> <p><b><u>Academic Qualifications</u></b></p> <ul style="list-style-type: none"> <li>• BS Business Management, Ateneo de Manila University</li> <li>• Advanced Management Training Program, Wharton School University of Pennsylvania</li> </ul>	<b>None</b>

\* Company listed at The Philippine Stock Exchange, Inc.

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4th Civil degree
<b>Rufino Luis T. Manotok Independent Director</b>	72	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> <li>Independent Director, Philippine Savings Bank*, April 2023</li> <li>Independent Director, Manila Medical Services, Inc. since 2019</li> <li>Independent Director, Cebu Landmasters, Inc. since 2017</li> <li>Chairman of the Board, Manarsa Holdings Corporation since 2016</li> <li>Director, Manotok Bros., Inc. since 2012</li> </ul> <u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> <li>Chief Finance Officer/Head of Strategic Planning, Ayala Corporation from 1987 to 2010</li> <li>Director, Ayala Hotels, Inc. from 1990 to 1996</li> <li>Director, Globe Telecom from 1996 to 2000</li> <li>Director, Family Savings Bank from 2002 to 2012</li> <li>Chairman and President, Honda Cars Makati, Inc. from 1994 to 2012</li> <li>Chairman and President, Isuzu Automotive Dealership from 1996 to 2012</li> <li>Chairman, Ayala Aviation Corporation from 1998 to 2008</li> <li>Chairman, Ayala Automotive Holdings Corp from 2009 to 2012</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>AB Economics, Ateneo de Manila University</li> <li>Master of Business Management, Asian Institute of Management</li> <li>Advanced Management Program, Harvard Business School</li> </ul>	None

All nominations were submitted, evaluated and approved by the Bank's Corporate Governance Committee. As such, all nominees possess the qualifications and none of the disqualifications to become directors of the Bank for 2023-2024.

Of the above-named nominees, Messrs. Eduardo A. Sahagun, Francisco S. Magsajo, Jr., Higinio O. Macadaeg, Jr. and Rufino Luis T. Manotok have been nominated as Independent Directors by Ms. Jeanne Frances T. Chua, Ms. Dulce D. Arcebal, Mr. Joaquin Aligguy and Ms. Yolanda L. dela Paz, respectively, with whom they are not related. Based on the Bank's Manual of Corporate Governance and as required by existing laws and regulations, the stockholders must elect at least three (3) members of the Board or such number as may constitute one-third (1/3) of the members of the Board, whichever is higher, as Independent Directors.

Messrs. Sahagun, Magsajo, Macadaeg and Manotok possess the qualifications and none of the disqualifications to become independent directors.

#### **Involvement in Certain 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.

## Item 10. Executive Compensation

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			

Name and Principal Position	2022		
	Salary	Bonus	*Others (Per Diem)
Eduardo A. Sahagun - Independent Director			
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. The total per diem paid to the directors of the Bank are as follows (in millions):

	2022	2021
Board Meetings	₱19.86	₱20.10
Board Committee Meetings	1.63	1.92
	₱21.49	₱22.10

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 Directors receive a per diem of ₱150,000 for attending Board meetings and ₱27,000 for Committee meetings. 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 11. Security Ownership of Certain Record and Beneficial Owners and Management

### Control and Compensation Information

#### Voting Securities and Principal Holders Thereof

a)	No. of Shares outstanding as of March 31, 2023	:	<b>426,859,416 Common Shares</b>
	No. of votes to which each share is entitled	:	<b>one (1) vote per share</b>

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 March 31, 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.

#### **Security Ownership of Directors and Management**

As of March 31, 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	Beneficial Ownership		% of Ownership
				No. of Shares	Nature	
Common stock	Jose T. Pardo	Chairman / Independent Director	Filipino	2,063	Direct	0.00048%
Common stock	Arthur V. Ty*	Vice Chairman	Filipino	129	Direct	0.00003%
Common stock	Vicente R. Cuna, Jr.	Vice Chairman	Filipino	111	Direct	0.00003%
Common stock	Rosanna F. De Vera	Director	Filipino	111	Direct	0.00003%
Common stock	Maria Soledad D.S. De Leon	Director	Filipino	4,456,795	Direct	1.04409%
Common stock	Jose Vicente L. Alde	Director/President	Filipino	111	Direct	0.00003%
Common stock	Samson C. Lim	Independent Director	Filipino	111	Direct	0.00003%
Common stock	Francisco S. Magsajo, Jr.	Independent Director	Filipino	100	Direct	0.00002%
Common stock	Eduardo A. Sahagun	Independent Director	Filipino	111	Direct	0.00003%
<b>Aggregate Shareholdings of Directors and Management** as a Group</b>				<b>4,459,642</b>		<b>1.04476%</b>

\* 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.

#### **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.

#### **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 12. 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	<b>₱199,011</b>	<b>₱1,154,011</b>	₱201,380	₱1,166,380
Percent of DOSRI/Related Party loans to total loan portfolio	<b>0.18%</b>	<b>1.03%</b>	0.18%	1.03%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	<b>95.04%</b>	<b>99.15%</b>	94.51%	99.05%
Percent of past-due DOSRI /Related Party loans to total DOSRI/Related Party loans	<b>0.00%</b>	<b>0.00%</b>	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI /Related Party loans	<b>0.00%</b>	<b>0.00%</b>	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.

## **PART IV. CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

#### **PEOPLE AT THE HEART OF GOVERNANCE**

Corporate governance ensures that we stay accountable and transparent - even when no one is looking. This is why well-governed organizations are comprised of people driven by a common purpose: to continually build the trust and confidence of stakeholders, going beyond mere compliance with applicable laws, rules, and regulations.

At PSBank, people and culture are at the heart of good corporate governance. These determine how we run our business in a prudent and sound manner, remain fair and transparent in all our dealings, and provide reliable and better service amidst the ever-growing expectations of our customers while at the same time working with integrity and accountability.

#### **CORE GOVERNANCE POLICIES**

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

##### **Fairness**

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

These are in accordance with our Board-approved Related Party Transactions (RPT) policy and its specific guidelines and handling procedures vis-à-vis set transaction materiality thresholds and exposure limits. Our RPT policy is regularly reviewed and updated on an annual basis. It was last updated in 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).

				In Millions of PhP	
Related Parties	Relationship	Nature of Transaction	Terms & Conditions	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

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	In Millions of PhP	
				Original Amount	Dec. 31, 2022 Balance
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
First Metro Investment Corporation (FMIC)	Affiliate		Counterparty line for fixed income securities (i.e., corporate bonds, government securities)	Pre-Settlement – 70 & Settlement – 700 <i>(no changes)</i>	N/A
First Metro Securities Brokerage Corp. (FMSBC)	Affiliate		Counterparty line for equity transactions of various trust accounts	Pre-Settlement – 500 & Settlement – 500 <i>(no changes)</i>	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

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	In Millions of PhP	
				Original Amount	Dec. 31, 2022 Balance
<b>Principal Officer of affiliate-FMIC</b>	Corresponding Persons of Affiliated Companies	<b>Home Equity Loan</b>	Ten (10) year term home equity loan with interest rate of 7.25% p.a. under one (1) year re-pricing cycle	<b>25</b>	N/A
<b>PSBank Trust Division</b>	Bank Proper	<b>Credit /Domestic Bill Purchase Line</b>	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	<b>1,000</b>	N/A
<b>Director of parent-MBTC</b>	Corresponding Persons of Affiliated Companies	<b>Annual Renewal of Business Credit Line</b>	One (1) year business credit line for working capital purposes with interest rate of 7.50% p.a.	<b>30</b>	18.90
<b>OTHERS</b>					
<b>First Metro Securities Brokerage Corp. (FMSBC)</b>	Affiliate	<b>Renewal of Lease Contract</b>	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	<b>7.86</b>	N/A
<b>Federal Land Inc. (FLI), Federal Land Orix Corp. (FLOC) and Horizon Land Property and Development Corporation (HLPDC)</b>	Affiliates	<b>Buy-Back of Past Due Home Loans</b>	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	<b>56.19</b>	N/A
<b>Metropolitan Bank &amp; Trust Company (MBTC)</b>	Parent-Bank	<b>Amendments to the Bank's Existing Collection Services Agreement</b>	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	<b>11.12</b>	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
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
	<b>Total</b>		<b>4,459,642</b>	<b>1.044756</b>	-	-	<b>4,459,642</b>	<b>1.044756</b>

### **Whistleblowing**

PSBank's whistleblowing policy requires our employees to report any impropriety or malpractice committed by co-employee/s or third party/ies to their group heads or to the customer experience and human resources

group head, the fraud management group head/division heads, or the chief audit executive/internal audit group head for evaluation if it would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered as an impropriety or malpractice in itself. The whistleblower is protected from any form of harassment as a result of any disclosure which was made in good faith believing the disclosure to be true and was not made maliciously or for personal gain. The policy considers any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

The Bank has whistleblowing hotlines such as [iag-expose@psbank.com.ph](mailto:iag-expose@psbank.com.ph) and [fire@psbank.com.ph](mailto: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 incompliance 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.

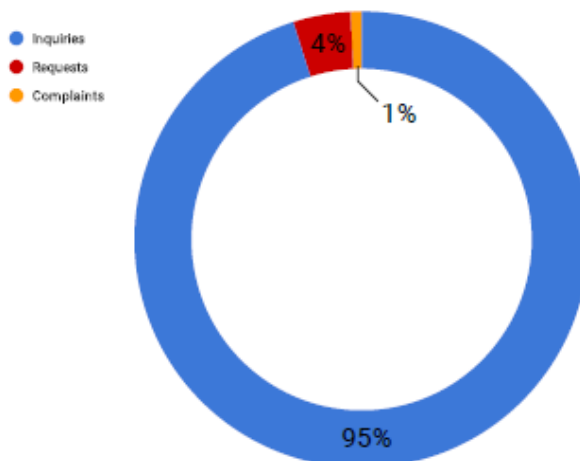
At the end of each day, all customer issues received are reported to a pool of senior officers, including the president and the executive vice president. The consolidated report is likewise submitted to the RMO on a monthly basis as part of the Key Risk Indicator (KRI) reports.

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.

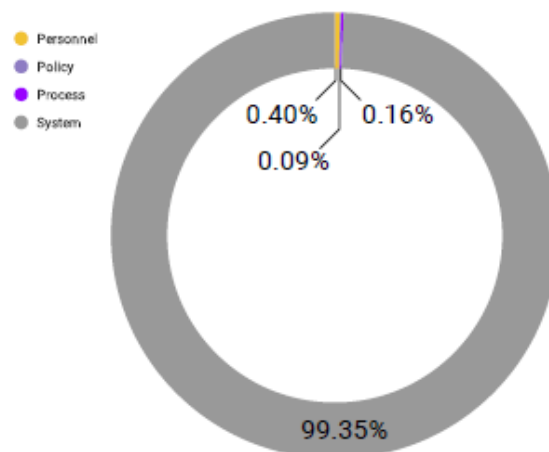
**Utilization/engagement per Channel:**

Nature of Txn	TOTAL	%
<span style="color: blue;">●</span> Inquiries	1,102,578	95%
<span style="color: red;">●</span> Requests	47,415	4%
<span style="color: orange;">●</span> Complaints	9,227	1%
	<b>1,159,220</b>	<b>100%</b>



**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%

**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), and BSP AML regulations to the end that the Bank shall not be used as a vehicle to legitimize the proceeds of unlawful activity or to facilitate or finance terrorism. The Committee is composed of three directors, of whom two are non-executive directors, including the chairperson and an independent director. The Committee meets monthly and is supported by our Compliance Office (CO).

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

Other Board-level committees are as follows:

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

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

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

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 &amp; 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 &amp; Sustainability Officer</i>	Secretary	12/12	100%

**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 &amp; Data Protection Officer</i>	Secretary	12/12	100%

**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%

**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	92%
JOSE VICENTE L. ALDE <i>President</i>	Member	12/12	100%

Members	Position	Attendance	%
ROSANNA F. DE VERA <i>Non-Executive Director</i>	Member	11/12	92%
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		

#### 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 &amp; Data Protection Officer</i>	Resource Person and Secretary	12/12	100%

#### 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.

MEMBERS	ATTENDANCE	%	ASM
JOSE T. PARDO <i>Chairman and Independent Director</i>	12/12	100%	YES
ARTHUR V. TY <i>Vice Chairman and Non-Executive Director</i>	12/12	100%	YES
VICENTE R. CUNA JR. <i>Vice Chairman and Non-Executive Director</i>	12/12	100%	YES
SAMSON C. LIM <i>Independent Director</i>	12/12	100%	YES
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 (OSHCOM)** 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.

- **HEIGHTS: 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 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 2021 stood at PhP1.28 billion. Details are shown under Note 21 of the Audited Financial Statements section.

## **OUR GOVERNANCE EVALUATION**

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

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

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

## **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	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.

## **PART V. EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

#### **(a) Reports on SEC Form 17-C**

Refer to Exhibit 3 for the reports filed during the year to the date of filing the SEC Form 17-A.

#### **(b) Exhibits**

1	Schedule of Bank/Branch Sites Owned by the Bank
2	Schedule of Bank/Branch Sites Under Lease Agreements
3	SEC Form 17-C
4	Statement of Management's Responsibility
5	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
6	Independent Auditors' Report on Supplementary Schedules
7	Independent Auditors' Report on Components of Financial Soundness Indicators
8	Index to the Financial Statements and Supplementary Schedules
Annex 1	<ul style="list-style-type: none"><li>• Reconciliation of retained earnings available for dividend declaration</li></ul>
Annex 2	<ul style="list-style-type: none"><li>• 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</li></ul>
Annex 3	<ul style="list-style-type: none"><li>• Supplementary schedules as required by Revised SRC Rule 68 - Annex 68- J</li></ul>
Annex 4	<ul style="list-style-type: none"><li>• Schedule of financial soundness indicators</li></ul>
9	Sustainability Report
10	List of Stockholders as of March 10, 2023 (Record Date)

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 13, 2023.

  
JOSE VICENTE L. ALDE  
President

  
NOLI S. GOMEZ  
Principal Operating Officer

  
PERFECTO RAMON Z. DIMAYUGA, JR.  
Corporate Secretary and Treasurer

  
LEAH M. ZAMORA  
Controller


  
NOEL C. ANG  
Principal Accounting Officer

APR 13 2023

SUBSCRIBED AND SWORN to before me at Makati City this \_\_\_\_\_, affiants exhibiting to me their passports/social security as follow:

Name	Passport/SSS/UMID No.	Date of Issue	Place of Issue
Jose Vicente L. Alde		-	-
Noli S. Gomez			
Perfecto Ramon Z. Dimayuga Jr.		-	-
Leah M. Zamora			
Noel C. Ang		-	-

Doc. No. 26  
Page No. 7  
Book No. 211  
Series of 2023

  
MYRA S.J. SAN BUENAVENTURA  
Notary Public for Makati until 12.31.2024 (M-005)  
Roll No. 51202  
PTR 064956/1.03.23/Makati  
IBP 189368/04.28.22 (2023)/Cam. Sur  
Unit 403B, MG Bldg., 150 Amorsolo St.  
Legaspi Village, 1229 Makati (Tel. 09228365212)  
MCLE VII-0001111 Issued 12.12.22 v/u 5.14.28

**PHILIPPINE SAVINGS BANK**  
**SCHEDULE OF BANK/BRANCH SITES OWNED BY THE BANK**  
**As of December 31, 2022**

NO.	BRANCH NAME	LOCATION
1	Head Office	G/F PSBank Center, 777 Paseo De Roxas cor. Sedeno St., Makati City
2	Angeles	Miranda Ext. cor. Sadie St. San Nicolas, Angeles City
3	Baguio	35 G Perfecto St., Malcolm Square, Baguio City, Benguet
4	Binakayan	PSBank Bldg., Tirona Highway, National Rd. Binakayan, Kawit, Cavite
5	Blumentritt	PSBank Bldg., 1680 Blumentritt cor. Oroquieta Sts., Sta. Cruz Manila
6	Camiling	Arellano St., Poblacion Camiling, Tarlac
7	Candelaria	Argao St., cor. Rizal Ave. Candelaria, Quezon
8	Cebu-Jones	Osmena Blvd. cor. Sanciango St., Cebu City
9	Dasmariñas	PSBank Bldg., E. Aguinaldo Highway cor. Mangubat St., Dasmariñas, Cavite
10	Gil J. Puyat - Tindalo	G/F Skyland Plaza Condominium, Sen. Gil Puyat Ave. cor. Tindalo St., Makati City
11	J.P. Rizal	PSBank Bldg., J.P. Rizal, cor. Legaspi Sts., Makati City
12	Laoag	F.R. Castro St., Laoag City, Ilocos Norte
13	Las Pinas - Almanza	G/F PSBank Bldg. Alabang Zapote Rd., Brgy. Almanza Las Pinas Metro Manila
14	Lemery	Ilustre Avenue cor. J.P. Rizal St., Lemery, Batangas
15	Lipa	C.M. Recto Ave cor. Soliman St., Lipa City
16	Los Banos	PSBank Bldg., Lopez Ave., Batong Malake, Los Banos, Laguna
17	Lucena	Quezon Ave. cor. Evangelista St. Lucena City, Quezon
18	Marikina - Concepcion	20 Bayan-Bayanan Avenue, Concepcion, Marikina City
19	Maypajo	132 A. Mabini St. near cor. Dimasalang, Maypajo, Caloocan City
20	Meycauayan	PSBank Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan
21	Paniqui	Paniqui Commercial Complex, McArthur Highway Ext., Poblacion Norte, Paniqui, Tarlac
22	Pasay Taft	2336 Taft Ave., near cor. Villareal St., Pasay City
23	Quezon Boulevard	358 Quezon Blvd. cor. Arlegui Sts., Quiapo, Manila.
24	Roosevelt	PSBank Bldg. 348 Roosevelt Ave., San Francisco Del Monte, Quezon City
25	San Juan	No. 5 F. Blumentritt cor. N. Domingo Sts., San Juan City
26	Tanauan	J.P. Laurel Highway, Tanauan City, Batangas
27	Tarlac	PSBank Bldg., F. Tanedo St., Tarlac, Tarlac
28	Valenzuela	ARTY Subdivision, Mc Arthur Highway cor. J.P. Rizal St., Karuhatan, Valenzuela City

Exhibit 2

**PHILIPPINE SAVINGS BANK**  
**SCHEDULE OF BANK/BRANCH SITES UNDER LEASE AGREEMENTS**  
**As of December 31, 2022**

NO	BRANCH	LOCATION / ADDRESS	RENTAL RATE PER MONTH	TERM	CONTRACT PERIOD FROM	TO
1	ACROPOLIS (formerly Libis)	G/F The Spa Bldg. No. 80 E. Rodriguez Jr. Avenue Bagumbayan Quezon City	345,438.50	1 Years	3-Jan-22	28-Feb-23
2	AKLAN - KALIBO	19 Martyr's corner G. Pastrana St. Kalibo, Aklan	97,978.62	2 Years	16-Jan-22	15-Jan-24
3	ALABANG	Estrellita Bldg. 236 Montillano St. Alabang Muntinlupa City	306,237.56	20 Years	1-Sep-05	31-Aug-25
4	ALABANG - ACACIA	Kingston Tower, Blk 2 Lot 1, Acacia Ave., Madrigal Business Park, Ayala Alabang Muntinlupa City	198,261.14	5 Years	15-Oct-21	14-Oct-26
5	ALABANG - MADRIGAL PARK	Admiralty Bldg., 1101 Alabang Zapote Rd., Madrigal Business Park, Ayala Alabang, Muntinlupa City	266,817.37	5 Years	1-Sep-21	31-Aug-26
6	ALABANG - ZAPOTE	Sycamore Arcade Building, Alabang-Zapote Road, Alabang, Muntinlupa City 1770 PH	249,544.42	5 Years	16-Dec-21	15-Dec-26
7	ALBAY - TABACO	Unit A to D, VICAR Bldg., Ziga Ave., Brgy Basud, Tabaco City, Albay	134,009.56	10 Years	15-Oct-15	14-Oct-25
8	AMORANTO	157, N.S. Amoranto corner Retiro St., Maharlika, Quezon City	168,294.18	10 Years	1-Feb-18	31-Jan-28
9	ANGELES - BALIBAGO	G/F Fields Plaza Condominium, McArthur Hi-way, Balibago, Angeles City	130,000.00	5 Years	1-Aug-21	31-Jul-26
10	ANTIPOLO	75 Claveria Bldg., Circumferential Road, Brgy. San Roque, Antipolo City	133,674.43	5 Years	1-Nov-22	31-Oct-27
11	ANTIPOLO - M.L. QUEZON	World Citi Colleges Bldg. M.L. Quezon St. Brgy. San Roque, Antipolo City, Rizal	122,351.78	5 Years	16-Nov-15	15-Nov-20
12	ANTIPOLO - MASINAG	G/F Tripolee Bldg., Marcos Highway, Brgy. Mayamot, Antipolo City, Rizal	170,850.00	5 Years	1-Jun-22	31-May-27
13	ANTIQUE - SAN JOSE	GF, D123C Bldg., Moscoso St. cor. Tobias Fornier St. San Jose De Buenavista, Antique	81,033.75	10 Years	1-Jun-14	31-May-24
14	ARNAIZ AVENUE	824 Ginbo Bldg., Arnaiz Ave., San Lorenzo, Makati City	194,872.17	10 Years	15-Jan-13	14-Jan-23
15	BACLARAN	2935 Bagvpi Trade Center, FB Harrison St., cor. Ortigas St., Pasay City	200,471.00	6 Years	1-Jan-21	31-Dec-26
16	BACOLOD	G/F A. Yu Bldg. Locsin St. (between Gonzaga and Luzurriga Sts. ) Bacolod City	118,795.90	5 Years	1-Jul-20	30-Jun-25
17	BACOLOD - NORTH DRIVE	Del Rio 2 Building, BS Aquino Drive, Bacolod City (G/F Riverside Pharmacy Bldg., BS Aquino Drive, Bacolod City)	52,653.20	5 Years	16-Oct-19	15-Oct-24
18	BALANGA	G/F SHP Building II, Don Manuel Banzon Avenue, Balanga, Bataan	124,073.60	20 Years	1-Oct-08	30-Sep-28
19	BALIC-BALIC	PSBANK Bldg., G Tuazon Cor Calabash A, Balic Balic, Brgy. 549, Sampaloc, Metro Manila	268,026.32	3 Years	15-Nov-22	14-Nov-25
20	BALINTAWAK	1238 GO SOC Bldg. Edsa Balintawak Q.C.	157,931.13	5 Years	1-Sep-22	31-Aug-27
21	BANAWE	245 PPSTA BLDG 3, 245 Banawe Street, Quezon City.	99,060.02	5 Years	6-May-21	05-May-26
22	BATANGAS	P. Burgos St., Brgy. 16, Batangas City.	119,166.75	5 Years	1-Dec-22	30-Nov-27
23	BATANGAS - BALAYAN	GF, Commercial Bldg, Plaza Rizal St. corner Fe St., Balayan, Batangas	102,731.73	10 Years	15-Aug-14	14-Aug-24
24	BATANGAS - BAUAN	Era Building, Kapitan Ponso St. corner Ylagan St. Poblacion IV, Bauan, Batangas	167,511.96	1 Years	1-Oct-22	30-Sep-23
25	BATANGAS - STO. TOMAS	GF, New Bldng Maharlika Hway, Brgy. San Antonio, Sto. Tomas, Batangas	148,735.44	10 Years	21-Jul-14	20-Jul-24
26	BENGUET - LA TRINIDAD	GF, Ramon Bldng., JB-25 Km 4, Brgy. Pico, La Trinidad, Benguet	98,398.13	15 Years	1-Jul-14	30-Jun-29
27	BF HOMES	#11 President Ave.corner Elizalde St., BF Homes Paranaque City	300,102.43	5 Years	1-Sep-21	31-Aug-26
28	BF RESORT DRIVE	#1 Alice Crisostomo cor. BF Resort Drive, BF Resort Village, Las Pinas City 1740	51,406.73	10 Years	1-Apr-14	31-Mar-24
29	BICUTAN	#40 Doña Soledad Ave., Better Living Subd., Paranaque City 1711	224,471.72	5 Years	8-Oct-22	7-Oct-27
30	BINAN	PSBank Bldg. A.Bonifacio St. Brgy Canlalay, Binan, Laguna	181,500.00	10 Years	1-Jan-20	31-Dec-29
31	BONI AVENUE	641 Cifra Bldg. Boni Avenue, Mandaluyong City	162,151.57	10 Years	8-Oct-13	7-Oct-23
32	BONI SERRANO (St. Ignatius)	G/F PSMBFI Building, Boni Serrano Avenue, corner 1st and 2nd Streets, West Crame, San Juan City	83,539.14	5 Years	1-Jun-19	31-May-24
33	BONIFACIO GLOBAL CITY	Unit 1 G/F Bonifacio Technology Center, 31st St cor 2nd St Bonifacio Global City, Taguig	210,700.00	1 Years	1-Jan-22	31-Mar-23
34	BUKIDNON - MALAYBALAY	Ramos Bldg, Fortich Street, Malaybalay City, Bukidnon 8700F	95,859.58	5 Years	1-Oct-20	30-Sep-25
35	BUKIDNON - VALENCIA	G/F Tamay Lang Arcade, Alkuino St. Cor. Manuel A. Roxas St., Valencia City Bukidnon	123,914.07	5 Years	1-Jul-20	30-Jun-25

NO	BRANCH	LOCATION / ADDRESS	RENTAL RATE PER MONTH	TERM	CONTRACT PERIOD FROM	TO
36	BULACAN - BALAGTAS	BAGS building Mc Arthur Highway San Juan Balagtas Bulacan	127,628.16	15 Years	1-Oct-11	30-Sep-26
37	BULACAN - BALIUAG	B.S. Aquino Ave. cor Lopez Jaena St. Bagong Nayon, Baliwag, Bulacan	75,404.11	15 Years	1-Aug-11	31-Jul-26
38	BULACAN - MARILAO	GF, RCH Bldg., Mc Arthur Highway corner Magalang St., Brgy. Ibayo, Marilao, Bulacan	79,767.07	10 Years	1-Oct-14	30-Sep-24
39	BULACAN - PLARIDEL	GF Javier Building, Pan Philippine Highway, Banga 1st, Plaridel Bulacan	130,896.73	10 Years	1-Mar-14	28-Feb-24
40	BULACAN - PULILAN	Doña Remedios Trinidad Highway, Sto Cristo, Pulilan, Bulacan	105,242.60	5 Years	1-Dec-22	31-Dec-27
41	BULACAN - SAN JOSE DEL MONTE	G/F FLB Building Provincial Road Brgy. Tungkong Mangga San Jose Del Monte Bulacan	128,184.02	5 Years	15-Nov-22	14-Nov-27
42	BUSTILLOS - LEGARDA	GF, #415 EEC Bldg. J. Figueras St., Sampaloc, Manila	231,525.00	10 Years	31-Jul-15	30-Jul-25
43	BUTUAN	J.C. Aquino Avenue corner Ochua Avenue, Butuan City, Agusan Del Norte	69,475.67	20 Years	1-Nov-08	31-Oct-28
44	CABANATUAN	782 – 784 Century Ent. Bldg., Melencio St. cor. Paco Roman St., Dimasalang, Cabanatuan City 3100	150,000.00	5 Years	1-Jan-22	31-Dec-26
45	CAGAYAN DE ORO	BJS Building Don A Velez corner A. Mabini Sts. Cagayan de Oro, Misamis Oriental	141,886.85	5 Years	1-Apr-21	31-Mar-26
46	CAGAYAN DE ORO - LAPASAN	Unit 11-12, Puregold CDO, Claro M. Recto Ave., Lapasan, Cagayan de Oro City, Misamis Oriental	115,178.21	10 Years	4-Nov-15	3-Nov-25
47	CAINTA	G/F Ortigas Royale Condominium, Ortigas Avenue Extension, Brgy. San Juan, Cainta, Rizal	113,190.00	5 Years	1-Mar-22	28-Feb-27
48	CAINTA - FELIX AVENUE	Cainta Business Center Building, Felix Ave., Cor Vista Verde Ext., Gate 2, Cainta, Rizal	130,802.27	5 Years	15-May-21	14-May-26
49	CALAMBA	Ground Floor Andenson Building I, Parian, National Highway, Calamba City	127,532.21	10 Years	1-Jan-17	31-Dec-26
50	CALOOCAN - EDSA	#382 Galauran compound Edsa Caloocan City	154,966.11	5 Years	1-Sep-18	31-Aug-23
51	CALOOCAN - SAMSON ROAD	G/F Erlinda Go Bldg. Samson Road corner Torres St. Caloocan City	189,825.76	5 Years	1-Sep-21	31-Aug-26
52	CAMARIN	G/F Zabarte Town Center 588 Camarin Road, Kalookan City	163,366.41	11 Years	1-Jan-14	31-Dec-24
53	CAMARINES NORTE - DAET	GF, New Bldg., F. Pimentel Ave. corner V. Basit St. Brgy. 8, Daet, Camarines Norte	92,610.00	10 Years	1-Jul-14	30-Jun-24
54	CAPITOL HILLS DRIVE	G/F Bellevue Commercial Building, Capitol Hills Drive, Quezon City	101,311.23	10 Years	1-Jul-14	30-Jun-24
55	CAVITE - BACOOR	G/F Heritage Bldg. KM 16 Aguinaldo Hiway Niog Bacoor, Cavite	100,124.17	5 Years	1-Apr-21	31-Mar-26
56	CAVITE - CARMONA	GF, 88 Bldg., Gov. Drive, Brgy. Maduya, Carmona, Cavite	80,486.14	10 Years	30-Aug-14	29-Aug-24
57	CAVITE - GEN. TRIAS	Florida Sun Estates, Governor's Drive, Brgy. Manggahan, Gen. Trias, Cavite	192,974.40	1 Years	1-Jan-22	31-Dec-22
58	CAVITE - GMA	Gov. Drive, Gen. Mariano Alvarez, Cavite	73,134.04	15 Years	16-Jan-12	15-Jan-27
59	CAVITE - IMUS ANABU	Kingsway Commercial Complex No. 9040 E. Aguinaldo Highway, Anabu, Imus, Cavite	120,000.00	1 Years	2-May-22	30-Apr-23
60	CAVITE - IMUS LANCASTER	The Square, Retail 2 Unit 101, Advincula Ave., Lancaster New City, Brgy. Alapan 2, Imus City, Cavite	88,935.00	5 Years	1-Apr-22	31-Mar-27
61	CAVITE - IMUS TANZANG LUMA	G/F VCV Bldg. Aguinaldo Highway Brgy. Tanzang Luma Imus City, Cavite	147,410.52	10 Years	1-Jan-15	31-Dec-24
62	CAVITE - MOLINO	G/F golden Oasys Bldg., Molino 4, Bacoor Cavite	194,842.32	2 Years	16-Nov-20	31-Dec-22
63	CAVITE - TAGAYTAY	Rotonda Star Plaza, Brgy. Silang Junction, Tagaytay City, Cavite	211,065.06	10 Years	1-May-13	30-Apr-23
64	CAVITE - TANZA	G/F Annie's Plaza A. Soriano Highway, Daang Amay, Tanza Cavite	102,102.00	5 Years	16-Sep-20	15-Sep-25
65	CAVITE - TRECE MARTIRES	GF, New Bldg., Governors Drive, Trece Martires, Cavite	134,047.42	10 Years	22-Sep-14	21-Sep-24
66	CAVITE - SILANG	G/F, O.C. Building, M.H. Del Pilar cor. Kiamzon Sts., Silang, Cavite	90,000.00	5 Years	1-Jun-22	31-May-27
67	CEBU - AYALA BUSINESS PARK	G/F Insular Life Cebu Business Centre, Mindanao Avenue corner Biliran Road, Cebu Business Center, Cebu City, Cebu 6000	270,946.80	5 Years	16-May-21	15-May-26
68	CEBU - CAPITOL	The Strip, Osmena Blvd., Capitol Site, Cebu City	214,876.19	3 Years	1-Sep-20	31-Aug-23
69	CEBU - COLON	Pelaez corner Colon Sts., Cebu City	115,762.50	15 Years	3-Apr-11	2-Apr-26
70	CEBU - IT PARK	GF, Stall 101, eBlock 4, Jose Maria Del Mar St., Cebu IT Park, Cebu City	84,696.12	1 Years	1-Nov-22	31-Oct-23
71	CEBU - LAPU-LAPU	Gaisano Mactan Island Mall, Lapu Lapu City, Cebu	107,398.91	5 Years	1-Sep-22	31-Aug-27
72	CEBU - MANDAUE A.C. CORTEZ	N & N Cortes Arcade, A.C. Cortes ave., Mandaue City Cebu	83,157.13	10 Years	1-Aug-14	31-Jul-24
73	CEBU - CONSOLACION	G/F Orosia Building, Highway Cansaga, Consolacion Cebu	170,841.16	5 Years	1-Aug-18	31-Jul-23

NO	BRANCH	LOCATION / ADDRESS	RENTAL RATE PER MONTH	TERM	CONTRACT PERIOD FROM TO	
74	CEBU - BANILAD	G/F Gaisano Country Mall, Banilad, Cebu City	180,377.12	5 Years	1-Apr-19	31-Mar-24
75	CEBU - CARBON	Plaridel cor. Progreso Sts. Cebu City, 6000	227,277.57	2 Years	1-Jan-23	31-Dec-24
76	CENTRAL MARKET	1633 Fugoso St., cor M. Natividad St., Sta Cruz Manila	81,033.75	10 Years	1-Feb-19	31-Jan-29
77	CHINO ROCES AVENUE	G/F ENCM Bldg., 1099 Chino Roces Ave., cor. Mascardo St., Sta. Cruz, Makati City	174,234.32	10 Years	26-Sep-13	25-Sep-23
78	COMMONWEALTH	2211 F&L Centre Commonwealth Avenue, Quezon City	397,670.71	10 Years	1-Jun-16	31-May-26
79	CONGRESSIONAL AVE. (Visayas)	45 Congressional Avenue Extension, Quezon City	140,000.00	2 Years	1-Nov-22	31-Oct-24
80	DAGUPAN	43 Burgos Street Dagupan City, Pangasinan 2400	242,105.26	10 Years	1-Jul-18	30-Jun-28
81	DAVAO - BAJADA	88 building, J.P. Laurel Street, Bajada Davao City	174,212.43	10 Years	1-Oct-15	30-Sep-25
82	DAVAO - DIGOS	Door 1 & 2 USPD Arita Commercial Complex Rizal Ave Zone 3 Digos City Davao Del Sur	77,907.40	5 Years	15-Apr-21	14-Apr-26
83	DAVAO - MADRAZO	PSBank Bldg. Quirino St. corner Cayetano Bangoy St. (formerly Ponciano Reyes) Davao City, Davao Del Sur	195,567.05	30 Years	1-Dec-07	30-Nov-37
84	DAVAO - MATINA	G/F Saito Building, McArthur Highway, Matina, Davao City	188,778.71	9 Years	15-Mar-20	14-Mar-29
85	DAVAO - MONTEVERDE	88 T. Monteverde Avenue, Davao City	197,993.16	10 Years	1-Jun-17	31-May-27
86	DAVAO - TAGUM	PSBank Bldg. National Highway corner Pioneer Ave. Tagum City, Davao Del Norte	50,000.00	20 Years	1-Jun-04	31-May-24
87	DEL MONTE	182 A Del Monte Avenue, Barangay St. Peter, Quezon City.	342,974.21	10 Years	1-Oct-14	30-Sep-24
88	DIPOLOG	Lopez Skyroom, Corner Rizal Avenue and C.P. Garcia St., Dipolog City	104,186.25	10 Years	1-May-09	30-Apr-19
89	DOWNTOWN CENTER	628 Wellington Bldg. Plaza Lorenzo Ruiz Binondo Manila, Philippines	616,069.37	10 Years	1-Jan-16	31-Dec-25
90	DUMAGUETE	G/F Hotel Palwa, Dr. V. Locsin St., Dumaguete City, Negros Oriental	103,944.95	10 Years	5-Nov-14	4-Nov-24
91	E. RODRIGUEZ	Seneca Plaza Building, 1152 E. Rodriguez Sr. Ave. New Manila, Quezon City	147,840.00	5 Years	7-Oct-21	7-Oct-26
92	EDSA EXTENSION - MACAPAGAL	G/F Met Live, EDSA Extension cor. Macapagal Ave., Pasay City	213,032.30	5 Years	1-Jun-18	31-May-23
93	ESPAÑA	Unit G, G/F España Tower, 2203 España Blvd. Manila	127,181.94	10 Years	1-Jan-14	31-Dec-23
94	FAIRVIEW	GF, No 71 Commonwealth Ave., Brgy. East Fairview, Quezon City	156,791.19	10 Years	15-Jul-16	14-Jul-26
95	G. ARANETA AVENUE	314 G. Araneta Avenue, Brgy. Dona Imelda, Quezon City 1113	196,790.46	10 Years	8-Dec-18	8-Dec-28
96	GENERAL SANTOS	Santiago Boulevard, Corner Naranjita St., General Santos City, South Cotabato	157,653.41	5 Years	1-Aug-21	31-Jul-26
97	GIL PUYAT - N. GARCIA	Unit 101-A, ITC Bldg., Sen. Gil Puyat Ave., Makati City 1200 PH	151,974.20	5 Years	1-Mar-19	28-Feb-24
98	GILMORE HEIGHTS	G/F Gilmore Heights Condominium, #18 Granada cor Castilla St., Brgy Valencia Quezon City	185,779.47	10 Years	1-Jan-13	31-Dec-22
99	TAGUIG - GLOBAL CITY- 4TH AVE	Shop 4 The Luxe Residence 28th St., cor. 4th Avenue, Global City, Taguig City, 1634 PH	661,746.96	3 Years	1-Sep-22	31-Aug-25
100	GRACE PARK	647 Rizal Avenue Ext., 10th Avenue, Grace Park, Kalookan City	215,823.74	5 Years	15-Jan-21	14-Jan-26
101	GREENHILLS	#3 Missouri cor Nevada Sts. Greenhills, San Juan	379,381.75	20 Years	8-Sep-04	7-Sep-24
102	ROXAS BOULEVARD - VITO CRUZ	G/F Legaspi Towers 300 Inc. Roxas Blvd. Cor Vito Cruz Malate Manila	259,031.27	5 Years	1-Dec-20	30-Nov-25
103	HOLY SPIRIT DRIVE	Unit L1, Lot 7,8,10, Blk 7, Holy Spirit Drive, Isidora Hills Subd., Quezon City	195,586.97	10 Years	29-Nov-15	28-Nov-25
104	ILOCOS SUR - CANDON	G/F, Imperial Building, National Highway, Poblacion, Brgy San Jose, Candon City, Ilocos Sur	212,587.32	10 Years	1-Aug-13	31-Jul-23
105	ILOILO - IZNART	533 Iznart St., Brgy Ed Ganzon, Iloilo City	99,989.04	15 Years	1-Jan-2011	31-Dec-25
106	ILOILO - JARO	E. Lopez corner Jalandoni St. Jaro, Iloilo City	64,782.56	25 Years	1-Jun-12	31-May-37
107	ILOILO - QUEZON	23 C Quezon Street, Iloilo City	179,055.67	5 Years	15-Feb-22	14-Feb-27
108	ISABELA - CAUAYAN	#135 National Highway, San Fermin, Cauayan City, Isabela	178,679.42	8 Years	14-Sep-16	13-Jan-25
109	J. ABAD SANTOS	1939 Jose Abad Santos Avenue Tondo, Manila 1012 PH	156,601.27	5 Years	1-Oct-20	30-Sep-25
110	JABONEROS	467 Jaboneros Corner Ilang-Ilang Sts., Binondo Manila	163,692.23	6 Years	14-Jul-20	31-Oct-26
111	KALENTONG	55 Shaw Blvd. near corner Kalentong St. Mandaluyong City	165,937.02	20 Years	15-Oct-07	14-Oct-27
112	KAMIAS	PHA Building, 14 Kamias Road Quezon City	154,080.00	5 Years	1-Aug-21	31-Jul-26
113	KATIPUNAN	GF, Palodoma Bldg. 313 Katipunan Ave., Loyola Heights, Quezon City.	371,944.91	3 Years	1-Aug-21	31-Dec-24

NO	BRANCH	LOCATION / ADDRESS	RENTAL RATE PER MONTH	TERM	CONTRACT PERIOD FROM TO	
114	LA UNION	G/F Nisce Building Quezon Ave. San Fernando, La Union	76,626.17	5 Years	1-Jul-22	30-Jun-27
115	LAGRO	Lot 5 Blk 2 Sacred Heart Village, Quirino Highway, Lagro, Quezon City	108,896.21	2 Years	1-Nov-22	31-Oct-24
116	LAGUNA - CABUYAO	GF, New Bldg, JP Rizal St. corner A. Bonifacio St. Brgy. 2, Cabuyao, Laguna	177,294.65	10 Years	15-Sep-14	14-Sep-24
117	LAGUNA - CALAMBA	GF, The Calamba Executive Center, Brgy. Uno, Crossing, Calamba City, Laguna	157,595.25	10 Years	1-Jul-14	30-Jun-24
118	LAGUNA - PASEO DE STA. ROSA	Paseo De Sta. Rosa, Arcadia Bldng, Unit 1, Upper Ground Floor, San Bruno Drive corner Tagaytay-Balibago Road, Sta. Rosa City, Laguna	270,204.00	5 Years	1-Sep-22	31-Aug-27
119	LAGUNA - SAN PABLO MAHARLIKA HWAY	GF, Acosta Bldg. II Km. 80, Maharlika Hway, Brgy. San Rafael San Pablo City, Laguna	121,246.75	10 Years	15-Oct-15	14-Oct-25
120	LAGUNA - SAN PEDRO NATIONAL HWAY	GF, Sunshine Square Bldg., National Hway, Brgy. Landayan, San Pedro City, Laguna	121,246.75	10 Years	8-Jan-16	7-Jan-26
121	LAS PINAS	G/F Fairland Bldg., Alabang-Zapote Road Cor V. Guinto St., Pamplona, Las Pinas City	296,382.24	5 Years	11-Sep-20	10-Sep-25
122	LAS PINAS - PAMPLONA	Alabang Zapote Road, Pamplona 2, Las Pinas City	281,401.34	5 Years	1-Nov-21	31-Oct-26
123	LEGASPI – PALANCA	Doña Angela Garden Condominium, 110 C. Palanca St., Legaspi Vill., Makati City	194,530.69	5 Years	14-Jan-19	13-Jan-24
124	LEGASPI – SALCEDO	G/F 195 Casmer Bldg Salcedo St, Legaspi Vill Makati City	214,708.24	2 Years	1-Dec-22	30-Nov-24
125	LEGAZPI	Ground Floor, Tower Bldg. II, Landco Business Park, Legazpi City, Albay 4500	119,985.53	5 Years	1-Jun-19	31-May-24
126	LIPA - J.P. LAUREL HIGHWAY	Autoplex building JP laurel Highway Sabang, Lipa City	88,191.00	2 Years	1-Jan-22	31-Dec-23
127	LUCENA - ENRIQUEZ	G/F, AQC Building, Enriquez St. corner San Fernando St. Brgy. 6, Lucena City	120,000.00	5 Years	1-Apr-22	31-Mar-27
128	MAGALLANES	1052 MPI Building, EDSA cor Lapu-lapu Avenue, Magallanes Village Makati City	251,582.06	10 Years	1-Jun-14	31-May-24
129	MAKATI AVENUE	690 Makati Avenue cor. Jupiter St., Bel-Air Village, Makati	240,081.94	5 Years	1-Jun-22	31-May-27
130	MALABON	685 Rizal Ave. ext. San Agustin St., Malabon City	129,788.55	10 Years	1-Nov-12	31-Oct-22
131	MALABON - GOV. PASCUAL	Gov. Pascual corner Maria Clara St. Acacia, Malabon City	70,975.90	20 Years	1-May-11	30-Apr-31
132	MALOLOS	Paseo Del Congreso, Barangay Liang, Malolos City, Bulacan	319,070.39	10 Years	1-Dec-17	30-Nov-27
133	MALOLOS - MCARTHUR	Units 2, 3 & 4, Twins Plaza Complex, McArthur Highway, Bulihan, Malolos, Bulacan	109,807.50	10 Years	1-Jun-14	31-May-24
134	MANDALUYONG WACK WACK	Unit 1-A Ground Floor , Lee Gardens Condominium, Shaw Blvd ., Wack Wack, Mandaluyong City	289,348.37	5 Years	1-May-19	30-Apr-24
135	CEBU - MANDAUE SUBANGDAKU	Unit 101-102 G/F KRC Bldg., National Highway , Subangdaku, Mandaue City , Cebu 6014	149,118.84	1 Years	16-Sep-22	15-Sep-23
136	MANGGAHAN	454 Amang Rodriguez Avenue, Manggahan, Pasig City	160,929.93	5 Years	16-Sep-20	15-Sep-25
137	MARIKINA - BLUE WAVE	Bluewave Strip Mall, Sumulong Highway cor. Fernando Ave., Marikina City	176,707.75	3 Years	1-May-22	30-Apr-25
138	MARIKINA - MARCOS HIGHWAY	Unit 13 G/F M&R Complex Marcos Highway corner Gil Fernando Avenue and Marcos Highway, San Roque, Marikina	263,768.60	5 Years	1-Feb-22	31-Jan-27
139	MARIKINA - PARANG	76 B.G. Molina corner E. Rodriguez Streets., Parang, Marikina City 1809	83,771.73	20 Years	1-Jan-09	31-Dec-28
140	MARIKINA - SUMULONG	G/F Algers Bldg. Sumulong Highway Cor. E. Jacinto St. Brgy. Sto. Nino, Marikina City	330,112.68	10 Years	1-Aug-21	31-Jul-31
141	MARIKINA - RIVERBANKS	A1-24 Riverbanks Arcade, Riverbanks Center, 84 A. Bonifacio Avenue, Marikina City	214,439.94	5 Years	16-Aug-20	15-Aug-25
142	MINDANAO AVENUE	Unit A & B, L Bldg., 4 Mindanao Ave. cor. Congressional Ave., Bahay Toro, Proj. 8, QC.	125,303.56	10 Years	5-Nov-13	4-Nov-23
143	MINDORO - CALAPAN	GF HM Home Mark Building, JP Rizal St., Brgy. Camilmil, Calapan City, Oriental Mindoro	147,745.54	10 Years	1-Mar-14	28-Feb-24
144	MUNTINLUPA	DLA BLDG., Ground fl National Road Bgy Putatan Muntinlupa	134,291.52	5 Years	15-Feb-21	14-Feb-26
145	N DOMINGO	Joyce Appartelle 128 N. Domingo St., San Juan City	204,571.68	10 Years	16-Dec-12	15-Dec-22
146	NAGA	G/F DECA Centro Bldg., cor dinaga street Panganiban drive Naga City Camarines Sur	163,017.42	10 Years	17-Jan-16	16-Jan-26
147	NAVOTAS	873 M. Naval St. ,Sipac-Almacen, Navotas City	126,639.04	17 Years	1-Jan-08	31-Dec-24
148	NOVALICHES	877 G/F Gatmaitan Building, Quirino Highway, Gulod, Novaliches, Quezon City	177,739.01	10 Years	3-Nov-15	2-Nov-25
149	NUEVA ECIJA - GAPAN	GF, Planters Bldng., Tinio St., Bucana, Gapan City, Nueva Ecija	147,076.74	10 Years	1-Aug-14	31-Jul-24

NO	BRANCH	LOCATION / ADDRESS	RENTAL RATE PER MONTH	TERM	CONTRACT PERIOD FROM TO	
150	NUEVA ECIJA - SAN JOSE	GF, Mario O. Salvador Bldg., Maharlika Highway, Brgy. Malasin, San Jose City, Nueva Ecija	119,278.65	10 Years	1-Oct-14	30-Sep-24
151	NUEVA VIZCAYA - SOLANO	GF, Ongtao Bldng., Maharlika Highway Burgos St., Brgy. Quirino, National Hwy, Solano, Nueva Vizcaya	126,639.04	10 Years	15-Jul-14	14-Jul-24
152	OLONGAPO	KT Tower, 18th St., East Bajac Bajac, Olongapo City, Zambales	265,941.98	10 Years	27-Jul-13	27-Jul-23
153	ONGPIN	G/F Ongpin Commercial Center Cor. Gonzalo St. Ongpin Sta. Cruz Manila	320,568.00	5 Years	1-Jun-22	31-May-27
154	ORMOC	Units 1 & 2 G/F Ormoc Centrum Aviles cor. San Pedro St., Ormoc City, Leyte	126,639.04	10 Years	29-Sep-15	28-Sep-25
155	ORTIGAS	Unit 110 Parc Chateau Condominium, Onyx cor. Sapphire & Garnet Road, Ortigas Center, Pasig City	135,000.00	5 Years	1-Nov-22	31-Oct-27
156	ORTIGAS - SAN MIGUEL	Ground level, The Crescent Bldg., 21 San Miguel Ave., Ortigas Center, Pasig City.	206,636.06	5 Years	1-Nov-22	31-Oct-27
157	OZAMIZ	Rizal Ave. corner Capistrano St. 50th District, Ozamiz City, Misamis Occidental	114,687.16	5 Years	16-Apr-19	15-Apr-24
158	P. TUAZON	247 P. Tuazon Blvd., cor. 15th Ave., Brgy. Socorro, Cubao, Quezon City	203,611.83	5 Years	1-Jun-18	May-23
159	P. TUAZON - 7TH AVENUE	G/F Universal Aquarius Building, 158 P. Tuazon corner 7th Avenue, Cubao, Quezon City 158 P. Tuazon cor. 7th Avenue, Cubao, Quezon City, PH 1109	292,605.32	5 Years	15-Sep-19	15-Sep-24
160	PACO	G/F Unit 14 & 15, JCS Building, 1521 Paz Street, Paco, Manila	200,000.00	5 Years	1-Jan-22	31-Dec-26
161	PADRE FAURA	G/F Padre Faura Wing, Robinsons Place Manila, Padre Faura St., Ermita, Manila	496,298.00	15 Years	11-Nov-12	30-Nov-27
162	PAGADIAN BRANCH	G/F Mendoza Building, J.P. Rizal Avenue , corner B. Aquino Street, Brgy. Gatas, Pagadian City	102,620.37	10 Years	16-Jan-16	15-Jan-26
163	PALLOCAN WEST	G/f CS Rayos Bldg. Pallocan West, Batangas City	165,997.95	15 Years	1-Jun-10	31-May-25
164	PAMPANGA - APALIT	G/F ABCDEQQ Bldg., McArthur Highway San Vicente, Apalit, Pampanga	70,355.02	10 Years	15-Oct-15	14-Oct-25
165	PAMPANGA - GUAGUA	G/F, MPS Plaza, Plaza Burgos, Guagua, Pampanga	136,664.63	10 Years	15-Oct-13	14-Oct-23
166	PAMPANGA - SAN FERNANDO SINDALAN	GF, Pinmara Square Bldg., Mc Arthur Hwy, Sindalan, San Fernando City, Pampanga	100,239.15	10 Years	1-Jul-15	30-Jun-25
167	PANGASINAN - ALAMINOS	# 24 Quezon Ave. Brgy. Poblacion, Alaminos City, Pangasinan.	70,093.46	10 Years	1-Oct-22	30-Sep-32
168	PANGASINAN - URDANETA	Poblacion, Mc- Arthur Hi-way, Urdaneta City, Pangasinan	77,566.41	20 Years	1-Sep-12	31-Aug-32
169	PARANAQUE	8387 Dr. A. Santos Ave., San Antonio Parañaque City	219,684.15	5 Years	1-Dec-16	30-Nov-21
170	PARANAQUE - LA HUERTA	Quirino Avenue Corner M. Rodriguez St., La Huerta, Paranaque 1700	262,801.53	1 Years	22-Dec-20	30-Jun-21
171	PASIG - C. RAYMUNDO AVENUE	#1 C. Raymundo Ave. Cor. Mercedes Ave., Caniogan, Pasig City	208,372.50	5 Years	1-Dec-18	30-Nov-23
172	PASIG BOULEVARD	G/F 162 Vision Building, Pasig Blvd, Bagong Ilog Pasig City	194,481.00	5 Years	1-Nov-18	31-Oct-23
173	PASIG MUTYA	Mariposa Bldg. Caruncho Ave., Corner Suarez Ave. Palatiw, Pasig City 1600	189,000.00	5 Years	1-Oct-21	30-Sep-26
174	PATEROS	G/F Sanz Building, 506 M. Almeda St., San Roque, Pateros, Metro Manila	139,619.50	10 Years	1-Jul-20	30-Jun-30
175	PLAZA BONIFACIO	A. Mabini Street corner Alcalde Jose St., Kapasigan Pasig City	517,109.41	10 Years	1-Feb-13	31-Jan-23
176	PUERTO PRINCESA	248 Rizal Avenue, Manggahan, Puerto Princesa City, Palawan	245,144.18	10 Years	25-Aug-14	24-Aug-24
177	QUEZON AVENUE	GF, Coher Center, 1424 Quezon Ave., South Triangle, Quezon City	105,420.86	10 Years	15-Jun-16	14-Jun-26
178	MATALINO - Q.C.	G/F Sir Thomas Square Bldg. 18 Matalino cor Matatag Sts., Brgy. Central, Quezon City	458,157.55	4 Years	1-Nov-20	31-Oct-24
179	QUIAPO PALANCA	202 Carlos Palanca St. cor. Villalobos St. Quiapo Manila 1001	219,015.18	20 Years	30-Oct-04	31-Oct-24
180	QUIRINO HWAY (FORMERLY CUBAO - ARANETA CENTER)	484 Quirino Highway, Novaliches Quezon City	200,150.12	10 Years	8-Nov-18	8-Nov-28
181	RIZAL - ANGONO	G/F ARC One Bldg., Quezon Ave., Sunstrip, Angono, Rizal	135,514.05	5 Years	1-Apr-22	31-Mar-27
182	RIZAL - MONTALBAN	Imelda Nocon Bldg., #240 E. Rodriguez Highway, Montalban, Rizal	108,592.98	5 Years	1-Oct-22	30-Sep-27
183	RIZAL - SAN MATEO	GF, Saint Claire Bldg., Gen Luna St., Brgy Ampid 1, San Mateo, Rizal	93,079.69	10 Years	15-Sep-14	15-Sep-24
184	RIZAL - TANAY	GF, Tanay Market Center, Market Road, Brgy. Plaza Aldea, Tanay Rizal	140,710.04	10 Years	1-Aug-14	30-Jul-24
185	RIZAL AVENUE	552-554 Rizal Avenue Sta. Cruz, Manila	205,200.00	10 Years	1-Aug-14	31-Jul-24
186	ROXAS	G/F Tan Bldg., Arnaldo Boulevard cor Datiles St., Brgy Tanque, Roxas City, Capiz	89,157.89	5 Years	16-Apr-19	15-Apr-24
187	SAN ANDRES ADRIATICO	Unit 1E, 1535 M. Adriatico St. Ermita Manila	248,310.00	9 Years	25-May-18	24-Oct-27
188	SAN FERNANDO	HPT Building Mc Arthur Highway, Dolores, City of San Fernando, Pampanga.	217,800.00	3 Years	1-Jun-20	31-May-23

NO	BRANCH	LOCATION / ADDRESS	RENTAL RATE PER MONTH	TERM	CONTRACT PERIOD FROM TO	
189	SAN PABLO	PSBank San Pablo, Rizal Avenue, San Pablo City, Laguna	216,223.67	25 Years	1-Aug-03	31-Jul-28
190	SAN PEDRO	No 21 A. Mabini Street, Poblacion San Pedro, Laguna	174,078.95	10 Years	1-Feb-20	31-Jan-30
191	SANTIAGO	G/F Insular Life Bldg., Maharlika Highway Brgy. Villasis , Santiago City, Isabela	96,045.39	3 Years	1-Nov-20	31-Oct-23
192	SOLER	Athena Tower, 1258 Soler St. Cor Benavidez St, Binondo, Manila	287,750.63	5 Years	1-Mar-22	1-Mar-27
193	SORSOGON	UGF, Sorsogon Shopping Center, Magsaysay St., Sorsogon City, Sorsogon	213,921.48	10 Years	15-Jan-15	14-Jan-25
194	STA. MARIA	Corazon de Jesus St. Poblacion, Sta. Maria , Bulacan	111,826.57	5 Years	1-May-18	30-Apr-23
195	STA. ROSA - BALIBAGO	Dragon Arcade Balibago- Tagaytay National Road Brgy Don Jose Sta. Rosa Laguna	179,237.49	20 Years	1-Jun-04	31-May-24
196	TABORA	817-819 Tabora St.. Binondo, Manila	273,933.68	20 Years	16-Feb-08	15-Feb-28
197	TACLOBAN	Ground Floor Tacloban Plaza Bldg., Justice Romualdez St., Tacloban City, Leyte	226,521.41	5 Years	11-Jan-18	10-Jan-23
198	TAGBILARAN	#152 Ideal Cinema Bldg., CPG Avenue, Tagbilaran City, Bohol	310,704.41	5 Years	1-Jan-18	31-Dec-22
199	TAGUIG - GEN. LUNA	G/F Paulina Bldg. # 8 Gen. Luna Ave., Tuktukan, Taguig City	150,032.65	10 Years	1-Sep-21	31-Aug-31
200	TAGUIG - KALAYAAN	Shop 10 Philplans Corporate Center, 1012 North Triangle Drive, Bonifacio Global City, Taguig	431,800.02	5 Years	1-Apr-19	31-Mar-24
201	TAGUIG - MCKINLEY HILL	GF, Morgan Suites Executive Residences, Taguig City	206,362.00	1 Years	1-Aug-21	31-Jul-22
202	TANDANG SORA	R Syjuco Building Kalaw Hills New Era Tandang Sora Quezon City	105,840.00	10 Years	1-Jan-19	1-Jan-29
203	TARLAC - CAPAS	Ground Floor Puregold Supermarket Sto. Domingo 1st, Capas, Tarlac	100,507.17	15 Years	1-Oct-10	30-Sep-25
204	TARLAC - MCARTHUR HIGHWAY	GF, Conrado Bldg., Mc Arthur Hway, San Sebastian Village, Tarlac City	92,265.58	10 Years	12-Oct-15	11-Oct-25
205	TAYTAY	Ison Bldg. JP Rizal Ave., corner Ison St. Brgy Dolores, Taytay Rizal	147,578.61	10 Years	1-Jan-15	31-Dec-24
206	TAYTAY - MANILA EAST	Manila East Road corner Ignacio St Brgy San Juan Taytay	111,864.48	20 Years	15-Feb-12	14-Feb-32
207	TIMOG	#58 Castro Bldg. Barangay Laging Handa, Timog Ave. Quezon City	262,199.09	5 Years	1-Apr-18	31-Mar-23
208	T.M. KALAW	G/F Sunview Palace Condominium T.M. Kalaw cor M.H. del Pilar Sts. Ermita, Manila	264,714.60	10 Years	1-May-14	30-Apr-24
209	TUGUEGARAO	Luna cor Del Rosario Streets, Centro 7, Tuguegarao City, Cagayan	146,006.28	5 Years	14-Sep-20	13-Sep-25
210	U.N. AVENUE	G/F Linsangan Admiralty Bldg. 1225 UN Avenue Paco, Manila.	131,995.43	10 Years	31-Oct-13	31-Oct-23
211	VALENZUELA - MALANDAY	G/F One Centrum Place, #618 Mc Arthur Highway, Malanday, Valenzuela City	152,916.63	5 Years	1-Sep-21	31-Aug-26
212	VALENZUELA - PASO DE BLAS	141 Paso De Blas St., Valenzuela City	85,672.52	20 Years	1-Jul-10	30-Jun-30
213	VIGAN	G/F PM Prime Bldg. Florentino cor Jacinto St., Brgy 1, Vigan City, Ilocos Sur	190,624.22	5 Years	20-Jun-19	19-Jun-24
214	VITO CRUZ	G/F Burgundy Westbay Tower, 820 Pablo Ocampo Street, Malate Manila	172,402.21	10 Years	1-Jan-14	31-Dec-23
215	WEST AVENUE	49 West Avenue, Brgy. Paltok, Quezon City	209,974.71	5 Years	1-Mar-20	28-Feb-25
216	WILSON	#1 Barasoain cor. Wilson St., Little Baguio, San Juan City	154,916.00	10 Years	1-Dec-12	30-Nov-22
217	YLAYA	999 – 1003 Ylaya Street Tondo, Brgy 3 Zone 001, Manila 1012	166,990.11	20 Years	21-Apr-04	20-Apr-24
218	ZAMBALES - IBA	GF, Iba Town Center, National Road Zone 1, Poblacion, Iba Zambales	174,636.56	5 Years	15-Aug-19	14-Aug-24
219	ZAMBALES - SUBIC TOWN	GF, Unity Developers Corp Bldg., National Highway, Baraca - Camachile, Subic, Zambales	126,639.04	10 Years	21-Nov-15	20-Nov-25
220	ZAMBOANGA	Mayor Vitaliano Agan Avenue, Camino Nuevo, Zamboanga City	89,847.11	20 Years	14-Jul-04	14-Jul-24
221	ZAMBOANGA - GUIWAN	MCLL Highway, Guiwan, Zamboanga City	60,000.00	5 Years	1-Apr-21	31-Mar-26
222	ZAMBOANGA - PILAR	G/F Martha Bldg. Pilar Street, Zone 4, Zamboanga City	125,583.71	5 Years	1-Sep-20	31-Aug-25

**Exhibit 3**

**PHILIPPINE SAVINGS BANK**  
**EVENTS REPORTED UNDER FORM 17-C**  
*(Reports filed during the year 2022)*

<b>No.</b>	<b>Particulars</b>	<b>Date Reported</b>
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

<b>No.</b>	<b>Particulars</b>	<b>Date Reported</b>
13	PSBank reported the following information as of June 30, 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	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: 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: 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

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

**From:** eafs@bir.gov.ph [mailto:eafs@bir.gov.ph]  
**Sent:** Thursday, April 13, 2023 4:07 PM  
**Subject:** Your BIR AFS eSubmission uploads were received

Hi PHILIPPINE SAVINGS BANK,

**Valid files**

- EAFS000663983RPTTY122022.pdf
- EAFS000663983OTHTY122022.pdf
- EAFS000663983ITRTY122022.pdf
- EAFS000663983AFSTY122022.pdf
- EAFS000663983TCRTY122022-01.pdf

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- <None>

Transaction Code: **AFS-0-4Q3QNTR40PWSVVNQMN24RYTWT0NY3ZYVSS**  
Submission Date/Time: **Apr 13, 2023 04:07 PM**  
Company TIN: **000-663-983**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	5	5	2					
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### COMPANY NAME

P	H	I	L	I	P	P	I	N	E		S	A	V	I	N	G	S		B	A	N	K						

### PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

P	S	B	a	n	k		C	e	n	t	e	r	,		7	7	7		P	a	s	e	o		d	e		R	o
x	a	s		c	o	r	n	e	r		S	e	d	e	ñ	o		S	t	r	e	e	t	,		M	a	k	a
t	i			C	i	t	y																						

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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### COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	8885-8208	
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,443	04/27	12/31

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Leah M. Zamora	LMZamora@psbank.com.ph	(632) 8845-8816	

### CONTACT PERSON'S ADDRESS

777 Paseo de Roxas corner Sedeño St., Makati City, Philippines
----------------------------------------------------------------

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



## 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**

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

See accompanying Notes to Financial Statements.



# PHILIPPINE SAVINGS BANK

## STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
<b>INTEREST INCOME</b>			
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
	<b>14,187,873,452</b>	<b>14,364,768,830</b>	<b>17,317,905,086</b>
<b>INTEREST EXPENSE</b>			
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
	<b>3,137,222,758</b>	<b>2,160,008,144</b>	<b>3,564,952,487</b>
<b>NET INTEREST INCOME</b>	<b>11,050,650,694</b>	<b>12,204,760,686</b>	<b>13,752,952,599</b>
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
<b>NET SERVICE FEES AND COMMISSION INCOME</b>	<b>1,681,532,824</b>	<b>1,533,310,116</b>	<b>1,257,384,725</b>
<b>OTHER OPERATING INCOME (CHARGES)</b>			
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
	<b>2,288,188,244</b>	<b>1,422,211,190</b>	<b>1,559,164,632</b>
<b>TOTAL OPERATING INCOME</b>	<b>15,020,371,762</b>	<b>15,160,281,992</b>	<b>16,569,501,956</b>
<b>OTHER EXPENSES</b>			
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
	<b>10,306,826,589</b>	<b>11,936,449,093</b>	<b>15,519,051,877</b>

(Forward)



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

See accompanying Notes to Financial Statements.



**PHILIPPINE SAVINGS BANK**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2022	2021	2020
<b>NET INCOME</b>	<b>₱3,678,428,259</b>	<b>₱1,539,492,720</b>	<b>₱1,108,212,278</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<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)	<b>(58,258,709)</b>	(13,993,219)	33,528,337
Cumulative translation adjustment	<b>14,514,893</b>	14,614,438	(9,285,708)
	<b>(43,743,816)</b>	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)	<b>(154,184,385)</b>	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)	<b>7,066,184</b>	3,344,929	(1,538,726)
Income tax effect (Note 27)	<b>38,546,096</b>	(100,283,171)	(90,735,540)
	<b>(108,572,105)</b>	100,860,342	207,950,677
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX</b>	<b>(152,315,921)</b>	124,434,260	197,096,026
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>₱3,526,112,338</b>	<b>₱1,663,926,980</b>	<b>₱1,305,308,304</b>

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

(Forward)



	Years Ended December 31		
	2022	2021	2020
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(₱16,052,387,766)</b>	<b>₱19,577,881,810</b>	<b>₱31,315,652,144</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
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	—
	<b>61,131,124,457</b>	<b>41,553,242,647</b>	<b>10,237,590,503</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
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
	<b>₱45,078,736,691</b>	<b>₱61,131,124,457</b>	<b>₱41,553,242,647</b>
<b>OPERATIONAL CASH FLOWS FROM INTEREST</b>			
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

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## NOTES TO FINANCIAL STATEMENTS

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### 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.

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### 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.

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### **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, RCOI, 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:

	<b>Discount Rates</b>	
	<b>2022</b>	<b>2021</b>
Bonds payable	<b>4.50%</b>	4.50%
Time deposits	<b>0.13% to 6.00%</b>	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
<b>Assets measured at fair value:</b>					
<b>Financial Assets</b>					
FVTPL investments					
HFT - government securities	P36	P-	P36	P-	P36
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
<b>Assets for which fair values are disclosed:</b>					
<b>Financial Assets</b>					
Investment securities at amortized cost					
Government	P27,917,962	P12,945,470	P12,937,711	P-	P25,883,181
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
<b>Non-Financial Assets</b>					
Investment properties	4,031,471	-	-	6,494,927	6,494,927
	P140,891,254	P15,369,958	P12,937,711	P148,603,002	P176,910,671
<b>Liabilities for which fair values are disclosed:</b>					
Deposit liabilities - time	P135,158,982	P-	P-	P137,465,614	P137,465,614
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
	P146,070,980	P-	P-	P148,834,206	P148,834,206

December 31, 2021					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
<b>Assets measured at fair value:</b>					
<b>Financial Assets</b>					
FVTPL investments					
HFT - government securities	P45	P-	P45	P-	P45
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
	P60,266,549	P50,903,926	P9,362,623	P-	P60,266,549
<b>Assets for which fair values are disclosed:</b>					
<b>Financial Assets</b>					
Investment securities at amortized cost					
Government	P18,495,339	P16,879,018	P2,348,448	P-	P19,227,466
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
<b>Non-Financial Assets</b>					
Investment properties	3,508,598	-	-	5,654,376	5,654,376
	P131,694,565	P19,417,648	P2,348,448	P121,157,620	P142,923,716
<b>Liabilities for which fair values are disclosed:</b>					
Deposit liabilities - time	P136,095,039	P-	P-	P137,329,426	P137,329,426
Deposit liabilities - LTNCD	8,441,452	-	-	8,853,367	8,853,367
Bonds payable	4,633,613	-	-	4,625,188	4,625,188
	P149,170,104	P-	P-	P150,807,981	P150,807,981

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.

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## 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
<b>Total</b>	<b>₱109,697,305</b>	<b>₱43,133,345</b>	<b>₱100,083,036</b>	<b>₱325,350</b>	<b>₱253,239,036</b>

\* 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
<b>Total</b>	<b>₱110,111,506</b>	<b>₱58,327,516</b>	<b>₱81,228,895</b>	<b>₱248,112</b>	<b>₱249,916,029</b>

\* 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
<b>Total</b>	<b>₱109,697,305</b>	<b>₱43,133,345</b>	<b>₱100,083,036</b>	<b>₱325,350</b>	<b>₱253,239,036</b>

\* 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
<b>Total</b>	<b>₱110,111,506</b>	<b>₱58,327,516</b>	<b>₱81,228,895</b>	<b>₱247,693</b>	<b>₱249,915,610</b>

\* 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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans:							
High Grade	P–	P52,004,129	P–	P–	P–	P–	P52,004,129
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	P-	P950,393	P-	P-	P-	P-	P950,393
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
	P-	P 82,260,626	P-	P 25,105,146	P 4,037,446	P-	P111,403,218

2021							
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans:							
High Grade	P-	P43,002,350	P-	P3,764,138	P-	P-	P46,766,488
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
	P-	P86,241,193	P-	P19,863,691	P7,129,857	P-	P113,234,741



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

	2022						
	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	POCI	Total
Accrued Interest Receivable:							
High Grade	P–	P1,908,728	P–	P171,998	P–	P–	P2,080,726
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
	P–	P2,846,038	P–	P614,634	P613,555	P–	P4,074,227

(Forward)



	2021						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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	P=	P620,482	P=	P1,457,899	P682,973	P=	P2,761,354
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	P=	P82,260,625	P=	P25,105,147	P4,037,446	P=	P111,403,218

	2021						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance as of January 1, 2021	P=	P51,657,773	P=	P21,268,074	P5,574,364	P=	P78,500,211
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	P=	P86,241,193	P=	P19,863,691	P7,129,857	P=	P113,234,741



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).

in the absence of:

	2022						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	POCI	Total
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						
	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	POCI	Total
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	P94,402	P1,544,667	P642,497	P657,251	P1,041,863	P3,980,680
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
<b>Total</b>	<b>P976,769</b>	<b>P2,684,194</b>	<b>P1,075,110</b>	<b>P944,232</b>	<b>P2,108,415</b>	<b>P7,788,720</b>

	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	P949,282	P1,826,791	P738,039	P796,188	P1,856,711	P6,167,011
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
<b>Total</b>	<b>P2,830,271</b>	<b>P3,197,410</b>	<b>P1,189,593</b>	<b>P1,252,545</b>	<b>P4,223,458</b>	<b>P12,693,277</b>

### *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):

	2022 <sup>1</sup>	2021 <sup>1</sup>
As of year-end	<b>₱1,669</b>	<b>₱447</b>
Average	<b>857</b>	<b>544</b>
High	<b>1,669</b>	<b>1,073</b>
Low	<b>263</b>	<b>9</b>

<sup>1</sup>Using 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	
<b>Financial Assets</b>								
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
<b>Financial Liabilities</b>								
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							
	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	Total
<b>Financial Assets</b>								
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
<b>Financial Liabilities</b>								
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	P3,205,313	P652,627	P7,566,916	P2,763,017	P14,187,873
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	P1,761,807	P440,061	P1,528,837	P982,840	P4,713,545
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					P3,678,428
Segment assets	P78,301,306	P3,047,772	P46,435,918	P135,539,614	263,324,610
Investment in a joint venture					816,285
Deferred tax assets					280,114
Total assets					P264,421,009
Segment liabilities	P1,102,197	P112,602	P140,290,782	P85,775,817	P227,281,398

	2021				Total
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	
Operating income					
Interest income	P4,945,286	P228,312	P6,918,669	P2,272,502	P14,364,769
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	P1,054,102	P151,744	P1,409,770	P608,218	P3,223,834
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					P1,539,494
Segment assets	P80,895,520	P3,765,463	P42,419,696	P133,385,718	260,466,397
Investment in a joint venture					762,926
Deferred tax assets					576,787
Total assets					P261,806,110
Segment liabilities	P811,147	P94,530	P141,071,696	P84,934,660	P226,912,033



	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	<b>₱1,254,216,130</b>	₱648,063,197	₱221,893,610
IBCL and SPURA			
IBCL (Note 29)	<b>7,862,763</b>	—	7,425,187
SPURA	<b>187,915,814</b>	70,592,184	77,631,132
	<b>195,778,577</b>	70,592,184	85,056,319
	<b>₱1,449,994,707</b>	₱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	<b>₱35,875</b>	₱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	<b>₱68,039,300,677</b>	₱58,407,115,734
Private	<b>1,600,771,597</b>	1,845,811,190
Equity securities		
Quoted	<b>20,643,608</b>	13,577,424
	<b>₱69,660,715,882</b>	₱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 ₱11.3 million (Note 15), respectively. Movements in the fair value reserves on financial assets at FVOCI follow:

	2022	2021
Balance at beginning of year	<b>₱2,409,890</b>	₱13,058,180
Gain from sale of financial assets at FVOCI realized in profit or loss	<b>(2,499,021)</b>	(4,000,002)
Changes in allowance for ECL (Note 15)	<b>(10,324,217)</b>	6,384,862
Fair value gain recognized in OCI	<b>(38,369,287)</b>	(13,033,150)
Balance at end of year	<b>(₱48,782,635)</b>	₱2,409,890



*Investment Securities at Amortized Cost*

Investment securities at amortized cost consist of the following:

	2022	2021
Debt securities		
Government	<b>₱27,932,285,174</b>	₱18,516,211,290
Private	<b>2,508,572,566</b>	2,471,733,103
	<b>30,440,857,740</b>	20,987,944,393
Less allowance for credit losses (Note 15)	<b>18,573,036</b>	25,597,671
	<b>₱30,422,284,704</b>	₱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
<b>Interest income recognized using EIR</b>			
Financial assets at FVOCI	<b>₱1,590,417,662</b>	₱940,474,154	₱344,157,041
Investment securities at amortized cost	<b>983,839,251</b>	545,545,008	954,314,757
	<b>2,574,256,913</b>	1,486,019,162	1,298,471,798
<b>Interest income recognized using nominal interest rates</b>			
FVTPL investments	<b>2,152</b>	11,272,985	45,039,478
	<b>₱2,574,259,065</b>	₱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	<b>₱2,499,021</b>	₱4,000,002	₱248,061,431
FVTPL investments (Note 29)	<b>(43,835)</b>	(1,266,526)	106,368,615
	<b>₱2,455,186</b>	₱2,733,476	₱354,430,046

## 9. Loans and Receivables

This account consists of:

	2022	2021
Receivables from customers		
Consumption loans	<b>₱60,698,139,340</b>	₱57,972,900,131
Real estate loans	<b>42,188,099,978</b>	45,408,001,767
Commercial loans	<b>6,479,111,462</b>	7,385,089,257
Personal loans (Note 29)	<b>2,223,139,881</b>	2,761,353,150
	<b>111,588,490,661</b>	113,527,344,305
Less unearned discounts and capitalized interest	<b>(185,272,959)</b>	(292,603,641)
	<b>111,403,217,702</b>	113,234,740,664
Other receivables		
Accrued interest receivable	<b>2,610,954,731</b>	3,615,211,724
Accounts receivable (Note 29)	<b>1,452,343,060</b>	744,079,396
Sales contract receivables	<b>10,929,360</b>	17,598,587
	<b>115,477,444,853</b>	117,611,630,371
Less allowance for credit losses (Note 15)	<b>5,780,140,301</b>	7,500,124,545
	<b>₱109,697,304,552</b>	₱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	<b>₱5,666,303,484</b>	₱6,268,592,270	₱9,276,969,797
Real estate loans	<b>3,462,009,203</b>	3,882,390,733	4,122,505,005
Personal loans (Note 29)	<b>585,515,967</b>	1,329,347,250	1,356,660,047
Commercial loans	<b>445,022,995</b>	665,758,611	905,767,767
Other receivables			
Sales contract receivables	<b>666,388</b>	2,685,306	4,363,171
	<b>₱10,159,518,037</b>	₱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	<b>₱762,926</b>	₱705,477
Share in net income (Note 29)	<b>83,418</b>	41,915
Share in remeasurement gains on retirement plan (Note 29)	–	4,162
Share in hedge reserves (Note 29)	–	22,953
Dividends received	<b>(30,059)</b>	(11,581)
Balance at end of year	<b>₱816,285</b>	₱762,926

The following table illustrates the summarized financial information of SMFC (in thousands):

	2022	2021
Current assets	<b>₱6,422,841</b>	₱6,049,856
Non-current assets	<b>373,076</b>	473,784
Current liabilities	<b>(3,968,926)</b>	(3,920,528)
Non-current liabilities	<b>(106,041)</b>	(60,025)
Net assets	<b>₱2,720,950</b>	₱2,543,087



	2022	2021	2020
Revenues	<b>₱1,548,564</b>	₱1,962,096	₱1,955,338
Costs and expenses	<b>1,159,711</b>	1,588,374	1,732,393
	<b>388,853</b>	373,722	222,945
Provision for income tax	<b>110,792</b>	234,006	88,614
Net income	<b>278,061</b>	139,716	134,331
Other comprehensive income	<b>33,212</b>	90,384	(124,414)
Total comprehensive income	<b>₱311,273</b>	₱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						
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	Total
<b>Cost</b>						
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
<b>Accumulated Depreciation</b>						
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
<b>Net Book Value</b>	<b>₱976,443,676</b>	<b>₱556,791,358</b>	<b>₱419,641,476</b>	<b>₱59,965,669</b>	<b>₱1,113,880,948</b>	<b>₱3,126,723,127</b>

2021						
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	Total
<b>Cost</b>						
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
<b>Accumulated Depreciation</b>						
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
<b>Net Book Value</b>	<b>₱976,443,676</b>	<b>₱591,202,676</b>	<b>₱265,040,159</b>	<b>₱57,830,472</b>	<b>₱1,047,938,866</b>	<b>₱2,938,455,849</b>



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
<b>Cost</b>			
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
<b>Accumulated Depreciation</b>			
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
<b>Allowance for Impairment Losses</b>			
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
<b>Net Book Value</b>	<b>₱1,315,098,739</b>	<b>₱2,716,372,326</b>	<b>₱4,031,471,065</b>

	2021		
	Land	Building Improvements	Total
<b>Cost</b>			
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
<b>Accumulated Depreciation</b>			
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
<b>Allowance for Impairment Losses</b>			
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
<b>Net Book Value</b>	<b>₱1,253,862,611</b>	<b>₱2,254,735,495</b>	<b>₱3,508,598,106</b>



The details of the net book value of investment properties follow:

	2022	2021
Real estate properties acquired in settlement of loans and receivables	<b>₱3,952,646,383</b>	₱3,425,944,999
Bank premises leased to third parties and held for capital appreciation	<b>78,824,682</b>	82,653,107
	<b>₱4,031,471,065</b>	₱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	<b>₱53,558,338</b>	₱53,558,338
Intangible assets		
Software costs	<b>243,208,824</b>	270,511,009
Branch licenses	<b>37,123,737</b>	37,123,737
	<b>280,332,561</b>	307,634,746
	<b>₱333,890,899</b>	₱361,193,084

Movements in intangible assets follow:

	2022		
	Software Costs	Branch Licenses	Total
Balance at beginning of year	<b>₱270,511,009</b>	<b>₱37,123,737</b>	<b>₱307,634,746</b>
Additions	<b>91,890,148</b>	—	<b>91,890,148</b>
Retirement and others (Note 32)	<b>(16,341,618)</b>	—	<b>(16,341,618)</b>
Amortization	<b>(102,850,715)</b>	—	<b>(102,850,715)</b>
Balance at end of year	<b>₱243,208,824</b>	<b>₱37,123,737</b>	<b>₱280,332,561</b>

	2021		
	Software Costs	Branch Licenses	Total
Balance at beginning of year	<b>₱350,461,044</b>	<b>₱37,123,737</b>	<b>₱387,584,781</b>
Additions	<b>36,373,688</b>	—	<b>36,373,688</b>
Retirement and others (Note 32)	<b>(2,674,559)</b>	—	<b>(2,674,559)</b>
Amortization	<b>(113,649,164)</b>	—	<b>(113,649,164)</b>
Balance at end of year	<b>₱270,511,009</b>	<b>₱37,123,737</b>	<b>₱307,634,746</b>



#### 14. Other Assets

This account consists of:

	2022	2021
<b>Financial assets</b>		
Security deposits (Note 29)	<b>₱190,888,081</b>	₱197,493,711
RCOCI	<b>12,023,475</b>	29,022,534
Others*	<b>438,414</b>	495,848
	<b>203,349,970</b>	227,012,093
<b>Non-financial assets</b>		
Chattel mortgage properties - net	<b>335,317,543</b>	408,519,774
Net retirement assets (Note 24)	<b>203,410,383</b>	241,839,962
Prepayments (Note 29)	<b>129,455,531</b>	184,838,487
Documentary stamps on hand	<b>28,565,091</b>	79,073,890
Stationeries and supplies on hand	<b>37,852,452</b>	35,947,368
Creditable withholding tax	<b>50,161,181</b>	11,569,285
Others**	<b>6,665</b>	95,963
	<b>784,768,846</b>	961,884,729
	<b>₱988,118,816</b>	₱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
<b>Cost</b>		
Balance at beginning of year	<b>₱494,437,996</b>	₱1,341,317,735
Additions (Note 32)	<b>1,978,930,122</b>	3,866,091,965
Disposals	<b>(2,055,968,006)</b>	(4,712,971,704)
Balance at the end of year	<b>417,400,112</b>	494,437,996
<b>Accumulated Depreciation</b>		
Balance at beginning of year	<b>85,868,482</b>	124,392,059
Depreciation (Note 11)	<b>83,084,760</b>	180,862,587
Disposals	<b>(86,890,287)</b>	(219,386,164)
Balance at the end of year	<b>82,062,955</b>	85,868,482
<b>Allowance for Impairment Losses</b>		
Balance at beginning of year	<b>49,740</b>	947,753
Provision (Note 15)	<b>376,044</b>	3,224,190
Disposals	<b>(406,170)</b>	(4,122,203)
Balance at end of year	<b>19,614</b>	49,740
<b>Net Book Value</b>	<b>₱335,317,543</b>	₱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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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	—	—	—	—	—	—	—
<b>Balance at December 31, 2021</b>	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)
<b>Balance at December 31, 2021</b>	1,099	—	—	—	—	—	1,099
Interbank loans receivable							
Balance at January 1, 2021	—	—	—	—	—	—	—
New assets originated or purchased	—	—	—	—	—	—	—
Assets derecognized or repaid	—	—	—	—	—	—	—
<b>Balance at December 31, 2021</b>	—	—	—	—	—	—	—
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)
<b>Balance at December 31, 2021</b>	₱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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	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						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
<b>Consumption Loans</b>							
Balance at January 1, 2021	P=	P1,923,264	P=	P1,171,207	P602,549	P=	P3,697,020
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
<b>Real Estate Loans</b>							
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
<b>Commercial Loans</b>							
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
<b>Personal Loans</b>							
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
<b>Total Receivables from Customers</b>							
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	P=	P1,454,358	P=	P1,878,548	P2,893,011	P=	P6,225,917

An analysis of changes in the ECL allowances for other receivables as of December 31, 2022 and 2021 follows (in thousands):

	2022						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
<b>Accrued Interest Receivable</b>							
Balance as of January 1, 2022	P=	P10,935	P=	P21,796	P708,635	P=	P741,366
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
<b>Sales Contract Receivable</b>							
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)
<b>Balance at December 31, 2022</b>	-	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
<b>Balance at December 31, 2022</b>	₱-	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
<b>Balance at December 31, 2021</b>	-	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)
<b>Balance at December 31, 2021</b>	-	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
<b>Balance at December 31, 2021</b>	₱-	₱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	<b>₱54,242,512</b>	₱22,003,247
> 1 to 2 months	<b>1,156,531</b>	8,487,475
> 2 to 3 months	<b>4,794,464</b>	662,347
More than 3 months	<b>489,667,213</b>	501,391,945
	<b>₱549,860,720</b>	₱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)	<b>₱1,206,835,408</b>	₱3,143,756,202
Investment properties (Note 12)	<b>103,982,048</b>	26,850,653
Investment securities	<b>(17,348,853)</b>	9,535,181
Due from other banks	<b>13,572,088</b>	(112,873,568)
Due from BSP	<b>(1,174,300)</b>	185,566
Chattel mortgage (Note 14)	<b>376,045</b>	3,224,190
	<b>₱1,306,242,436</b>	₱3,070,678,224

## 16. Deposit Liabilities

Interest expense on deposit liabilities consists of:

	2022	2021	2020
Time (Note 29)	<b>₱2,416,715,820</b>	₱1,142,132,528	₱2,136,446,710
LTNCD	<b>295,891,550</b>	393,609,027	393,944,665
Demand (Note 29)	<b>54,394,093</b>	55,002,193	150,040,647
Savings	<b>44,392,032</b>	46,490,171	91,174,935
	<b>₱2,811,393,495</b>	₱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.



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## 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.

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## 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
	<b>₱2,506,216,736</b>	<b>₱1,684,762,235</b>



Accrued other expenses payable consist of:

	2022	2021
Litigation	<b>₱587,480,311</b>	₱460,109,088
Compensation and fringe benefits	<b>392,066,163</b>	225,623,472
Insurance (Note 29)	<b>210,077,209</b>	215,458,650
Information technology (Note 29)	<b>153,439,962</b>	90,402,560
Security, messengerial and janitorial	<b>81,558,182</b>	79,166,401
Advertising	<b>64,536,154</b>	56,241,988
Repairs and Maintenance	<b>62,182,060</b>	—
Rental - ATM Offsites	<b>39,542,282</b>	37,884,687
ATM maintenance	<b>31,025,175</b>	21,023,745
Donations	<b>13,355,355</b>	16,732,750
Membership, fees and dues	<b>3,773,951</b>	3,773,951
Professional and consultancy fees	—	1,438,093
Miscellaneous	<b>95,192,756</b>	54,054,205
	<b>₱1,734,229,560</b>	₱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)	<b>₱2,087,042,216</b>	₱1,501,794,285
Lease liabilities (Note 25)	<b>1,322,931,895</b>	1,278,685,842
Other credits	<b>169,110,872</b>	171,819,823
Overages	<b>3,226,191</b>	2,759,164
Deposit for keys - SDB	<b>749,270</b>	758,770
	<b>3,583,060,444</b>	2,955,817,884
Non-financial liabilities		
Provision on undrawn portion of committed credit lines	<b>208,286,386</b>	108,115,156
Withholding taxes payable	<b>120,565,498</b>	47,805,315
Sundry credits	<b>149,968,105</b>	12,028,531
Due to the Treasurer of the Philippines	<b>20,417,050</b>	22,027,747
SSS, Medicare, ECP and HDMF premium payable	<b>17,276,348</b>	14,186,612
Miscellaneous (Note 29)	<b>54,793,755</b>	44,414,450
	<b>571,307,142</b>	248,577,811
Total	<b>₱4,154,367,586</b>	₱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			2021		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
<b>Financial Assets</b>						
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
<b>Nonfinancial Assets</b>						
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			2021		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
<b>Financial Liabilities</b>						
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
<b>Nonfinancial Liabilities</b>						
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
<b>Issued and outstanding</b>				
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 P2.0 billion and P750.0 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 P0.75 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	<b>₱35,685</b>	₱33,128
CET1 capital	<b>35,685</b>	33,128
Less: Required deductions	<b>2,164</b>	2,432
Total Tier 1 Capital	<b>33,521</b>	30,696
Total Tier 2 capital	<b>1,193</b>	1,416
Total qualifying capital	<b>34,714</b>	32,112
Risk weighted assets	<b>₱139,713</b>	₱132,208
Tier 1 ratio	<b>23.99%</b>	23.22%
CET1 ratio	<b>23.99%</b>	23.22%
Capital adequacy ratio	<b>24.85%</b>	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):

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
A. Capital Measure	<b>₱33,521</b>	₱30,696
B. Exposure Measure	<b>263,482</b>	259,871
C. Basel III Leverage Ratio (A/B)	<b>12.72%</b>	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
<b>Service Fees and Commission Income</b>			
Credit-related fees and commissions	<b>₱1,114,725,360</b>	₱1,056,749,812	₱890,934,914
Deposit-related and other fees received (Note 29)	<b>571,145,496</b>	478,174,952	374,192,384
Trust fees	<b>46,971,038</b>	46,202,084	43,083,232
	<b>1,732,841,894</b>	1,581,126,848	1,308,210,530
<b>Service Fees and Commission Expense</b>			
Commissions	<b>45,200,420</b>	42,225,973	41,856,120
Brokerage	<b>6,108,650</b>	5,590,759	8,969,685
	<b>51,309,070</b>	47,816,732	50,825,805
<b>Net Service Fees and Commission Income</b>	<b>₱1,681,532,824</b>	₱1,533,310,116	₱1,257,384,725

## 23. Miscellaneous Income

This account consists of:

	2022	2021	2020
Recovery of charged-off assets	<b>₱339,337,767</b>	₱360,147,032	₱234,282,740
Insurance commission income	<b>202,199,914</b>	110,057,949	105,684,417
Rental income (Notes 12, 25 and 29)	<b>45,235,373</b>	43,767,739	46,711,545
Others (Notes 9 and 29)	<b>191,002,283</b>	186,458,085	(371,212,674)
	<b>₱777,775,337</b>	₱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).

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#### 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)
	<b>₱207,694,836</b>	<b>₱242,400,000</b>



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											
	January 1, 2022	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
		Current service cost	Net Interest								
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	(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											
	January 1, 2021	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
		Current service cost	Net Interest								
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	<b>₱1,910,076,151</b>	₱2,109,275,578
Private	<b>559,534,342</b>	1,017,480,730
Cash and cash equivalents	<b>783,385,635</b>	90,778,999
Unit Investment Trust Fund (UITF)	<b>42,561,098</b>	31,988,986
Investment in equity securities	<b>77,507,699</b>	90,298,224
Other assets	<b>17,327,104</b>	17,982,070
	<b>3,390,392,029</b>	3,357,804,587
Other liabilities	<b>2,919,504</b>	2,911,307
	<b>₱3,387,472,525</b>	₱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	<b>7.11%</b>	4.94%
Turnover rate	<b>3.63%, 10.23%</b>	3.63%, 10.23%
Future salary increases	<b>5.50%</b>	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	<b>₱282,910,375</b>	₱251,146,266
One to less than five years	<b>1,407,715,193</b>	1,239,251,226
Five to less than 10 years	<b>2,246,907,514</b>	1,893,401,838
10 to less than 15 years	<b>2,719,152,541</b>	2,081,717,773
15 to less than 20 years	<b>2,489,207,065</b>	2,075,368,475
20 years and above	<b>1,744,550,715</b>	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	<b>₱1,278,685,842</b>	₱1,342,394,905
Additions	<b>523,368,707</b>	330,419,191
Accretion of interest	<b>79,873,386</b>	85,201,992
Payments	<b>(558,996,040)</b>	(479,330,246)
	<b>₱1,322,931,895</b>	₱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	<b>₱469,115,714</b>	₱419,166,727
After one year but not more than five years	<b>918,298,112</b>	852,888,078
More than five years	<b>145,925,243</b>	205,507,135
	<b>₱1,533,339,069</b>	₱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	<b>₱39,072,786</b>	₱34,081,506
After one year but not more than five years	<b>38,478,565</b>	32,440,728
	<b>₱77,551,351</b>	₱66,522,234



## 26. Miscellaneous Expenses

This account consists of:

	2022	2021	2020
Insurance (Note 29)	<b>₱453,534,299</b>	₱550,608,756	₱498,092,209
Litigation	<b>429,974,439</b>	442,289,577	364,647,454
Information technology (Note 29)	<b>407,689,037</b>	375,290,002	362,765,811
Fines, penalties and other charges	<b>206,509,947</b>	150,222,885	188,886,091
Repairs and maintenance (Note 12)	<b>171,424,078</b>	110,147,726	117,546,466
Communications	<b>147,148,701</b>	167,554,452	143,024,129
Stationery and supplies	<b>82,824,439</b>	46,355,039	98,511,725
Supervision and examination fees	<b>75,405,438</b>	75,845,625	79,409,221
Transportation and traveling	<b>52,967,086</b>	50,559,908	127,736,459
Training and seminars	<b>26,880,748</b>	2,449,846	1,973,526
Management and professional fees	<b>25,473,105</b>	23,048,029	18,899,050
Advertising	<b>22,092,410</b>	11,076,666	50,064,780
Banking activities expenses	<b>9,360,794</b>	4,642,771	4,670,840
Donations and charitable contributions	<b>7,122,605</b>	6,812,000	11,465,500
Membership fees and dues	<b>2,699,211</b>	3,827,410	4,380,400
Others	<b>9,614,270</b>	61,472,300	12,746,651
	<b>₱2,130,720,607</b>	₱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	<b>₱709,425,111</b>	₱356,565,831	₱265,200,890
Current income tax	<b>73,891,205</b>	(44,382,280)	501,075,819
	<b>783,316,316</b>	312,183,551	766,276,709
Deferred	<b>335,219,072</b>	1,414,071,157	(783,739,604)
	<b>₱1,118,535,388</b>	₱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	<b>₱249,507,924</b>	₱210,961,827
Unamortized pension cost contribution	<b>158,720,206</b>	173,550,556
Accumulated depreciation of assets foreclosed or dacioned	<b>97,763,184</b>	96,772,332
Allowance for credit and impairment losses	<b>66,874,352</b>	282,454,212
Net effect of lease liabilities and ROU assets	<b>54,055,554</b>	59,297,005
Loan modification	<b>46,215,270</b>	72,967,041
Net unrealized gain on fair value of FVOCI	<b>4,618,954</b>	—
Unrealized foreign exchange gains	<b>1,984,235</b>	(5,496,046)
	<b>679,739,679</b>	890,506,927
Deferred tax liabilities on:		
Net unrealized gain on investment properties	<b>(399,626,135)</b>	(312,384,257)
Others	<b>—</b>	(1,336,151)
	<b>(399,626,135)</b>	(313,720,408)
	<b>₱280,113,544</b>	₱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	<b>₱5,981,653,248</b>	₱6,672,477,479
Excess MCIT over RCIT	<b>70,226,677</b>	34,998,663
	<b>₱6,051,879,925</b>	₱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
	<b>₱70,226,677</b>	<b>₱-</b>	<b>₱70,226,677</b>	

The reconciliation between the statutory income tax and effective income tax follows (in thousands):

	2022	2021	2020
Statutory income tax	<b>₱1,199,241</b>	₱816,437	₱327,225
Tax effect of:			
Change in unrecognized DTA	<b>(137,478)</b>	1,073,320	427,676
Non-taxable, tax-paid and tax-exempt income	<b>(245,782)</b>	(425,082)	(928,629)
Nondeductible expenses	<b>233,564</b>	161,201	225,399
Effect of change in tax rate	-	174,295	-
FCDU income	<b>(74,895)</b>	(87,686)	(78,916)
Others	<b>143,885</b>	13,770	9,782
Effective income tax	<b>₱1,118,535</b>	₱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	<b>₱3,678,428,259</b>	₱1,539,492,720	₱1,108,212,278
b. Weighted average number of common shares for basic earnings per share	<b>426,859,416</b>	426,859,416	426,859,416
c. Basic/Diluted EPS (a/b)	<b>₱8.62</b>	₱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	
		Elements of Transaction	
		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	
		Elements of Transaction	
		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	<b>₱369,283,571</b>	₱326,973,490
Post-employment pension benefits	<b>1,272,282</b>	4,845,307
	<b>₱370,555,853</b>	₱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
<b>Parent Company</b>			
Due from other banks	<b>₱485,169</b>	<b>₱1,592,053</b>	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.00% to 5.00%
Financial assets at Amortized Cost	<b>60,000</b>	<b>60,000</b>	Pledge for security of payroll account with MBTC in 2022
Financial assets at FVOCI	<b>(59,718)</b>	–	Pledge for security of payroll account with MBTC in 2021
Accounts receivable (payable)	<b>(4,483)</b>	<b>1,306</b>	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	<b>(1,948)</b>	–	Security deposits on lease contracts
Miscellaneous liabilities	<b>(3,550)</b>	<b>2,369</b>	Advance payments of security deposits from various tenants
Accrued other expense payable	<b>63,037</b>	<b>153,440</b>	Outstanding information technology expense payable, charges on current and savings accounts processing
Rental income	<b>13,056</b>	–	Income from leasing agreements with various lease terms ranging from 2 to 5 years
Information technology expense	<b>121,493</b>	–	Payment of information technology transactions
Trading and security loss	<b>4</b>	–	Loss from securities transactions
Securities transactions			
Outright purchases	<b>5,576,850</b>	–	Outright purchase of FVPL, HTM and AFS investments
Outright sales	<b>(104,000)</b>	–	Outright sale of FVPL and AFS investments
<b>Joint Venture</b>			
Investment in a joint venture	<b>53,359</b>	<b>816,285</b>	Outstanding balance of capital investment in SMFC
Dividends from joint venture	<b>30,059</b>	–	Dividends from SMFC
Accounts receivable	<b>96</b>	<b>1,001</b>	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	<b>61,881</b>	<b>75,881</b>	Demand and short-term peso time-deposits deposits with annual fixed rates of 1.25%
Miscellaneous liabilities	–	<b>7,861</b>	Advance payment of security deposits
Rental income	<b>17,876</b>	–	Income from leasing agreements
Interest expense	<b>28</b>	–	Interest on deposit liabilities
<b>Other Related Parties (DOSRI/Indirect)</b>			
Receivable from customers	–	<b>1,142,515</b>	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	<b>955,000</b>		
Maturities	<b>967,797</b>		
Miscellaneous assets	<b>(2,949)</b>	–	3 months advance security deposits
Accounts receivable	<b>(1,112)</b>	<b>673</b>	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid expense	<b>(5,782)</b>	<b>6,446</b>	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	(P4,418,680)	P3,541,205	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
<b>Key Personnel</b>			
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
<b>Parent Company</b>			
Due from other banks	(P267,443)	P1,106,884	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
<b>Joint Venture</b>			
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
<b>Other Related Parties (DOSRI/Indirect)</b>			
Receivable from customers	–	1,155,312	Loans granted bear interest of ranging 3.0% to 10.50% with terms from 12 to 60 months (excluding key personnel); mostly unsecured; no impairment
Placements	1,159,611	–	–
Maturities	1,176,688	–	–
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
<b>Key Personnel</b>			
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	–	Utilities and rental charges
Maturities	(1,444)	–	Interest income from loans
Interest income	824	–	
December 31, 2020			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
<b>Parent Company</b>			
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
<b>Joint Venture</b>			
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
<b>Other Related Parties (DOSRI/Indirect)</b>			
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)



December 31, 2020			
Category	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
<b>Key Personnel</b>			
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)	<b>₱8,825,860,829</b>	₱9,967,034,659
Stand-by credit lines	<b>122,000,000</b>	21,100,000
Spot foreign exchange and contracts sale	<b>27,877,500</b>	25,499,500
Late deposits/payments received	<b>3,288,413</b>	-
Items held for safekeeping	<b>240,348</b>	308,743
Others	<b>60,626</b>	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)	<b>₱1,978,930,122</b>	₱3,866,091,965	₱3,753,346,148
Additions to investment properties in settlement of loans (Note 12)	<b>1,438,182,517</b>	703,230,662	457,713,276
Recognition of right-of-use assets (Note 11) and lease liabilities (Note 25)	<b>523,368,707</b>	330,419,191	243,849,256
Fair value changes in financial assets at FVOCI (Note 8)	<b>(40,764,785)</b>	(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	<b>(756,081)</b>	(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	<b>₱—</b>	<b>₱4,633</b>	<b>₱1,279</b>	<b>₱5,912</b>
Cash flows from availments	<b>9,850</b>	—	—	<b>9,850</b>
Cash flows from settlement	<b>(8,664)</b>	—	<b>(559)</b>	<b>(9,223)</b>
Foreign exchange movement	—	—	—	—
Others	—	<b>15</b>	<b>603</b>	<b>618</b>
December 31, 2022	<b>₱1,186</b>	<b>₱4,648</b>	<b>₱1,323</b>	<b>₱7,157</b>

	Bills Payable	Bonds Payable	Lease Liabilities	Total Liabilities from Financing Activities
January 1, 2021	<b>₱—</b>	<b>₱10,902</b>	<b>₱1,342</b>	<b>₱12,244</b>
Cash flows from availments	<b>414</b>	—	—	<b>414</b>
Cash flows from settlement	<b>(414)</b>	<b>(6,300)</b>	<b>(479)</b>	<b>(7,193)</b>
Foreign exchange movement	—	—	—	—
Others	—	<b>31</b>	<b>416</b>	<b>447</b>
December 31, 2021	<b>₱—</b>	<b>₱4,633</b>	<b>₱1,279</b>	<b>₱5,912</b>

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	<b>₱—</b>	₱1,174,300
Due from other banks	<b>14,670,774</b>	1,098,686
	<b>₱14,670,774</b>	<b>₱2,272,986</b>



### 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	<b>₱50,754,005,073</b>	<b>45.48%</b>	₱53,141,010,629	46.81%
Real estate	<b>30,172,737,600</b>	<b>27.04%</b>	32,642,162,497	28.75%
Deposit hold-out	<b>597,964,616</b>	<b>0.54%</b>	505,841,926	0.45%
	<b>81,524,707,289</b>	<b>73.06%</b>	86,289,015,052	76.01%
Unsecured	<b>30,063,783,372</b>	<b>26.94%</b>	27,238,329,253	23.99%
	<b>₱111,588,490,661</b>	<b>100.00%</b>	₱113,527,344,305	100.00%

#### Breakdown of Total Loans as to Status

Details of non-performing loans (NPL) follow:

	2022	2021
Secured	<b>₱2,882,518,252</b>	₱5,264,508,163
Unsecured	<b>1,154,927,621</b>	1,865,349,291
	<b>₱4,037,445,873</b>	₱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	<b>₱4,037,445,873</b>	₱7,129,857,454
Less NPLs fully covered by allowance for credit losses	<b>977,859,235</b>	1,728,737,382
	<b>₱3,059,586,638</b>	₱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	<b>₱199,011</b>	<b>₱1,154,011</b>	₱201,380	₱1,166,380
Percent of DOSRI/Related Party loans to total loan portfolio	<b>0.18%</b>	<b>1.03%</b>	0.18%	1.03%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	<b>95.04%</b>	<b>99.15%</b>	94.51%	99.05%
Percent of past-due DOSRI /Related Party loans to total DOSRI/Related Party loans	<b>0.00%</b>	<b>0.00%</b>	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI /Related Party loans	<b>0.00%</b>	<b>0.00%</b>	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)	<b>₱8,825,860,829</b>	₱9,967,034,659
Stand-by credit lines	<b>122,000,000</b>	21,100,000
Spot foreign exchange and contracts sale	<b>27,877,500</b>	25,499,500
Late deposits/payments received	<b>3,288,413</b>	—
Items held for safekeeping	<b>240,348</b>	308,743
Others	<b>60,626</b>	63,528



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**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
	<u>₱1,612,926,317</u>

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
	<u>₱878,505,229</u>	<u>₱120,565,498</u>

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**

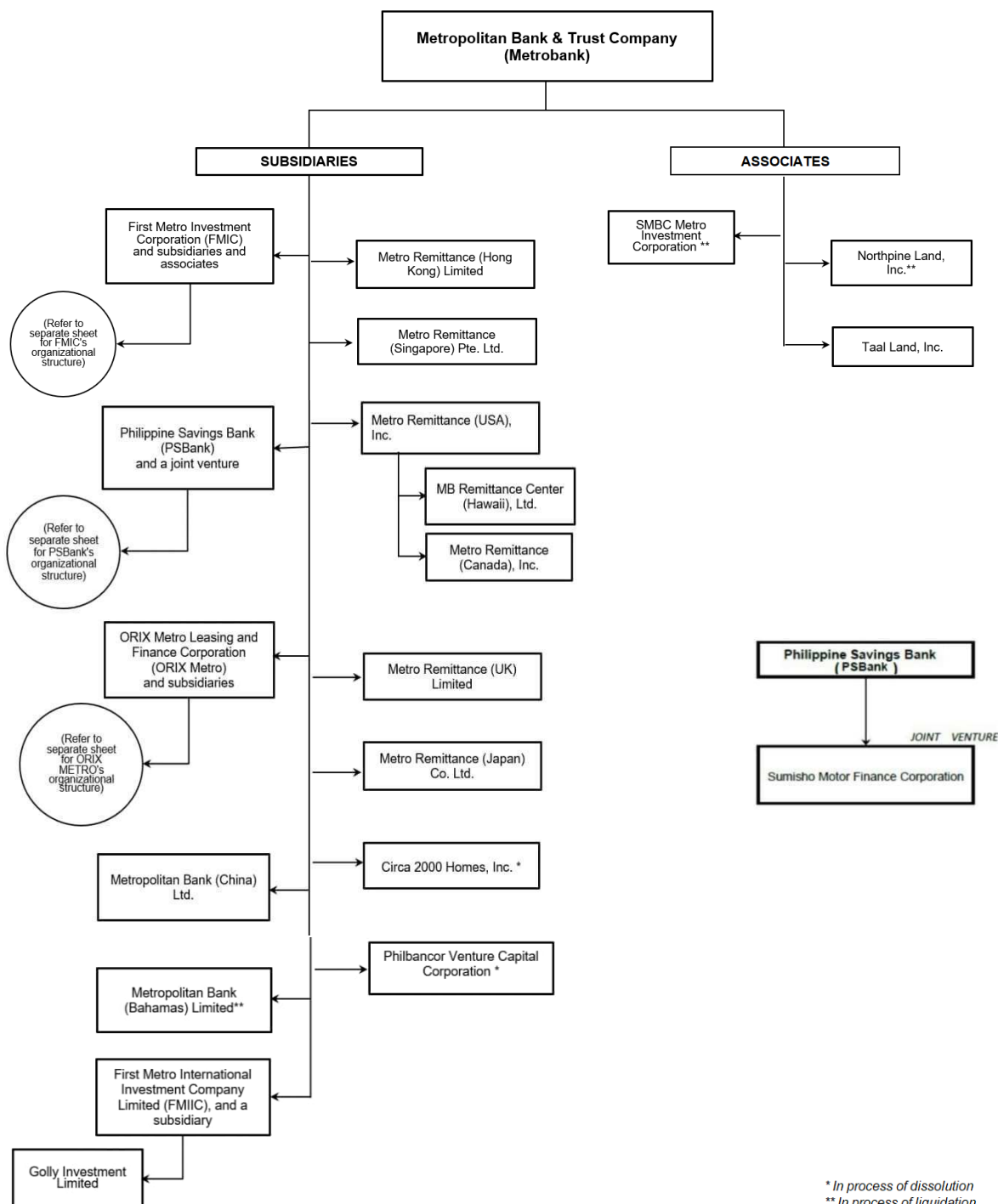
- I. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)
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**PHILIPPINE SAVINGS BANK****RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND  
DECLARATION (ANNEX 68-D)  
AS OF DECEMBER 31, 2022**

<b>Unappropriated Retained Earnings, 12/31/2022</b>	<b>₱18,812,148,450</b>
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)
<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning</b>	<b>17,002,614,484</b>
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)
<b>Net income actually earned during the period</b>	<b>3,641,245,791</b>
Less:	
Dividend declarations during the period	(1,280,578,248)
Appropriations of Surplus Reserves during the period	(2,507,747)
<b>Retained Earnings Available for Dividend Distribution</b>	<b>₱19,360,774,280</b>

# 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**

<b>Name of Issuing Entity and Association of Each Issue (i)</b>	<b>Number of Shares or Principal Amount of Bonds and Notes</b>	<b>Amount shown in the Statement of Condition (ii)</b>	<b>Valued based on Market Quotation at End of Reporting Period (iii)</b>	<b>Income Received and Accrued</b>
<b>Fair Value through Profit or Loss (FVTPL) Investments</b>				
Government Bonds	<b>₱46,521</b>	<b>₱35,875</b>	<b>₱35,875</b>	<b>₱669</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</b>				
<b>Debt Securities</b>				
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
<b>Equity Securities</b>	6,594,720	20,643,608	20,643,608	–
	<b>₱69,842,531,187</b>	<b>₱69,660,715,882</b>	<b>₱69,660,715,882</b>	<b>₱14,995,702</b>
<b>Investment Securities at Amortized Cost</b>				
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
	<b>₱27,962,018,150</b>	<b>₱30,422,284,704</b>	<b>₱30,422,284,704</b>	<b>₱473,792,079</b>
	<b>₱97,804,595,858</b>	<b>₱100,083,036,461</b>	<b>₱100,083,036,461</b>	<b>₱488,788,451</b>

- (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**

<b>Name and Designatio n of Debtor (i)</b>	<b>Balance at Beginning of the Period</b>	<b>Additions</b>	<b>Amounts Collected (ii)</b>	<b>Amounts Written- off (iii)</b>	<b>Current</b>	<b>Not Current</b>	<b>Balance at End of Period</b>
--------------------------------------------------------	-------------------------------------------------------	------------------	---------------------------------------	-------------------------------------------	----------------	------------------------	-----------------------------------------

**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**

<b>Name and Designation of debtors</b>	<b>Balance at Beginning of Period</b>	<b>Additions</b>	<b>Amounts Collected (i)</b>	<b>Amounts Written Off (ii)</b>	<b>Current</b>	<b>Not Current</b>	<b>Balance at End of Period</b>
----------------------------------------	---------------------------------------	------------------	------------------------------	---------------------------------	----------------	--------------------	---------------------------------

**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**

<b>Title of Issue and Type of Obligation (i)</b>	<b>Amount Authorized by Indenture</b>	<b>Amount shown under Caption “Current Portion of Long-Term Debt” in related Statement of Condition (ii)</b>	<b>Amount shown under Caption “Long-Term Debt” in related Statement of Condition (iii)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
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**

<b>Name of Related Party (i)</b>	<b>Balance at Beginning of Period</b>	<b>Balance at the End of Period (ii)</b>
--------------------------------------	-------------------------------------------	----------------------------------------------

**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**

<b>Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is filed</b>	<b>Title of Issue of each Class of Securities Guaranteed</b>	<b>Total Amount Guaranteed and Outstanding (i)</b>	<b>Amount Owned by Person for which Statement is Filed</b>	<b>Nature of Guarantee (ii)</b>
---------------------------------------------------------------------------------------------------------	--------------------------------------------------------------	--------------------------------------------------------	------------------------------------------------------------	-------------------------------------

**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**

<b>Title of Issue (i)</b>	<b>Number of Shares Authorized</b>	<b>Number of Shares Issued and Outstanding as shown under related Statement of Condition Caption</b>	<b>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</b>	<b>Number of Shares Held by Related Parties (ii)</b>	<b>Directors, Officers, and Employees</b>	<b>Others (iii)</b>
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



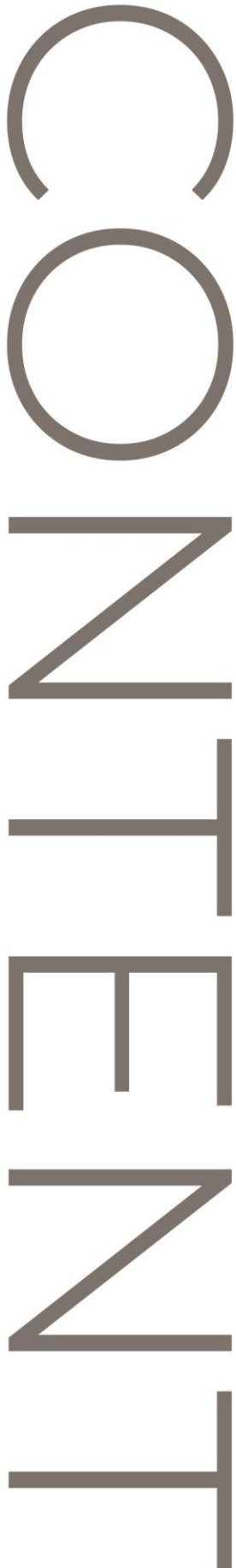
**PHILIPPINE SAVINGS BANK****SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATOR****(ANNEX 68-E)****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	December 31, 2022	December 31, 2021
<b>PROFITABILITY RATIOS</b>		
<b>Return on Assets</b>		
<u>Net Income</u>	1.40%	0.64%
Average Total Resources		
<b>Return on Equity</b>		
<u>Net Income</u>	10.21%	4.44%
Average Stockholders' Equity		
<b>Net Interest Margin</b>		
<u>Net Interest Income</u>	4.66%	5.81%
Average Earning Assets		
<b>Cost to Income Ratio</b>		
Operating Expenses Excluding Provision		
<u>for Impairment and Credit Losses and Income Taxes</u>	60.06%	58.61%
Net Interest Income + Operating Income		
<b>SOLVENCY RATIOS</b>		
<b>Debt to Equity Ratio</b>		
<u>Total Liabilities</u>	6:11:1	6.50:1
Total Stockholders' Equity		
<b>Asset-to-Equity Ratio</b>		
<u>Total Assets</u>	7:11:1	7.50:1
Total Stockholders' Equity		
<b>Interest Rate Coverage Ratio</b>		
<u>Earnings Before Interest and Taxes</u>	2:52:1	2.51:1
Interest Expense		
<b>LIQUIDITY RATIOS</b>		
<b>Liquidity/Current Ratio</b>		
<u>Current Assets</u>	62.41%	65.57%
Current Liabilities		
<b>Loans to Deposit Ratio</b>		
<u>Gross Loans</u>	52.11%	52.23%
Total Deposits		
<b>Capital Adequacy Ratio</b>		
<u>Total Qualifying Capital</u>	24.85%	24.29%
Total Risk-Weighted Assets		

# OUR SUSTAINABILITY REPORT

FINANCIAL YEAR 2022





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## About PSBank

Philippine Savings Bank (hereafter referred to as “PSBank” or the “Bank”), a subsidiary of the Metropolitan Bank and Trust Company (Metrobank), is headquartered in Makati City. To date, its physical channel footprint is composed of 250 branches and 557 onsite and offsite ATMs strategically located nationwide. It offers a wide range of banking products and services: deposits, loans, treasury products, digital banking services, bancassurance, credit card, and trust. PSBank has for its core customers those in the consumer and retail markets.

Throughout its more than 60 years of operation, the Bank’s service philosophy is to always be responsive to the needs of clients and deliver them exceptionally and consistently across all touch points. As the Bank gears towards being more sustainable and attain its commitments for Sustainable Finance, it continuously improves its products, service channels and overall customer service experience to provide more positive social and environmental impact. PSBank takes advantage of available and emerging technologies, not just to introduce innovative product offerings but also to improve on systems and processes for better operational efficiency and lower operating costs.

With its customers in mind, the Bank strives to consistently make its banking processes simpler, thus allowing customers to perform their banking needs the fastest, simplest and safest way possible. Through its Online and Mobile Banking facilities, existing and new clients can, among others, open and maintain their accounts, send money and pay bills conveniently anytime and anywhere from the comfort of their homes thus allowing them to save time and lower their carbon footprint.

The Bank provides affordable and competitive loan products which are easily accessible to the market thru various channels including its online platform. It makes banking convenient by means of swift transactions and seamless processing and documentation across its loan products. Its processing for auto loan applications remains to be the benchmark of the industry with its 24 hour approval TAT consistently executed, about 30% of which were completed within 3 hours. Its home loan processing time is the fastest at 1 day loan decision for brand new condominium units and properties from accredited developers and 5 days or less for other facilities. Personal loan processing time is the shortest in the market within 24 hours from loan application to decision, and 1 day for booking of approved loan application.

The Bank increasingly considers the economic, environmental and social impacts of its banking operations cognizant of the inherent risks and strategic opportunities it may bring. Through continuing education, engagement, community partnerships, and financial inclusion measures, it aims to address and mitigate more complex risks and issues associated with financial assets and investments. It recognizes the need to manage investments based on local and global norms to prevent reputational harm, brand damage, or even taxes and lawsuits. It continues to intensify the protection of data privacy and security. It aims to improve energy efficiency and tap alternative sources to reduce reliance on purchased electricity. With these efforts, the Bank can, directly or indirectly, reduce the likelihood of extraordinary expenses, improve market share, or even decrease liabilities.

## Introduction

On April 29, 2020, the Bangko Sentral ng Pilipinas (BSP) issued Circular 1085, otherwise known as the Sustainable Finance Framework which “expects banks to embed sustainability principles, including those covering environmental and social risk areas, in their corporate governance framework, risk management systems, and strategic objectives consistent with their size, risk profile and complexity of operations.”

In compliance with the Circular, PSBank documented its transition plan which was subsequently approved by its Board of Directors (BOD) in October 2020. The Bank has since then established focus areas to support the UN’s 2030 Agenda for Sustainable Development and contribute to the aspirations set forth under the Philippine Development Plan.

It has formalized its Sustainable Finance Framework last September 2021 to articulate the integration of environmental, social, and governance criteria into its day-to-day business operations, products and services, and distribution channels. It provides the basis for defining targets and metrics to deliver on its commitment to support sustainable economic growth and the transition to a low-carbon economy through the Bank's identified three focus Sustainable Development Goal (SDG). These are: (1) SDG 8 – Decent Work and Economic Growth, (2) SDG 9 – Industry, Innovation and Infrastructure, and (3) SDG 13 – Climate Action.

In 2022, BSP released Circular 1128 which is a supplemental document that defines the requirements on how financial institutions shall manage environmental and social (E and S) risk in their credit and bank operations. In compliance with this circular, the Bank documented its Environmental and Social Risk Management (ESRM) policy manual and subsequently had it Board approved last July 2022. In addition, with the issuance of BSP Circular 1149, guidelines for investments were expanded to consider E and S risks and benefits.

## Scope

The scope of our 2022 ESG Report includes information and progress of the Bank's sustainable finance goals for the period 1 January 2022 to 31 December 2022 in line with common sustainability reporting frameworks and disclosure requirements of the Philippine Stock Exchange (PSE), the Securities and Exchange Commission (SEC), and select sustainability reporting frameworks. The Report should be read together with PSBank Annual Report 2022.

It also discusses the steps the Bank took to incorporate the Sustainable Finance agenda in the Bank's policies, processes, and systems. Additional information included in this report is the computed GHG emission for Scope 2 emission of the Bank in 2019 to 2022 using the latest Department of Energy (DOE) emission factors.

All quantitative and qualitative information for relevant indicators have been disclosed for a minimum of two years where applicable.

## Board Statement

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

# Milestones in Sustainable Finance Transition

The Bank has made significant progress from 2021 to 2022 following its Board approved transition plan for Sustainable Finance.

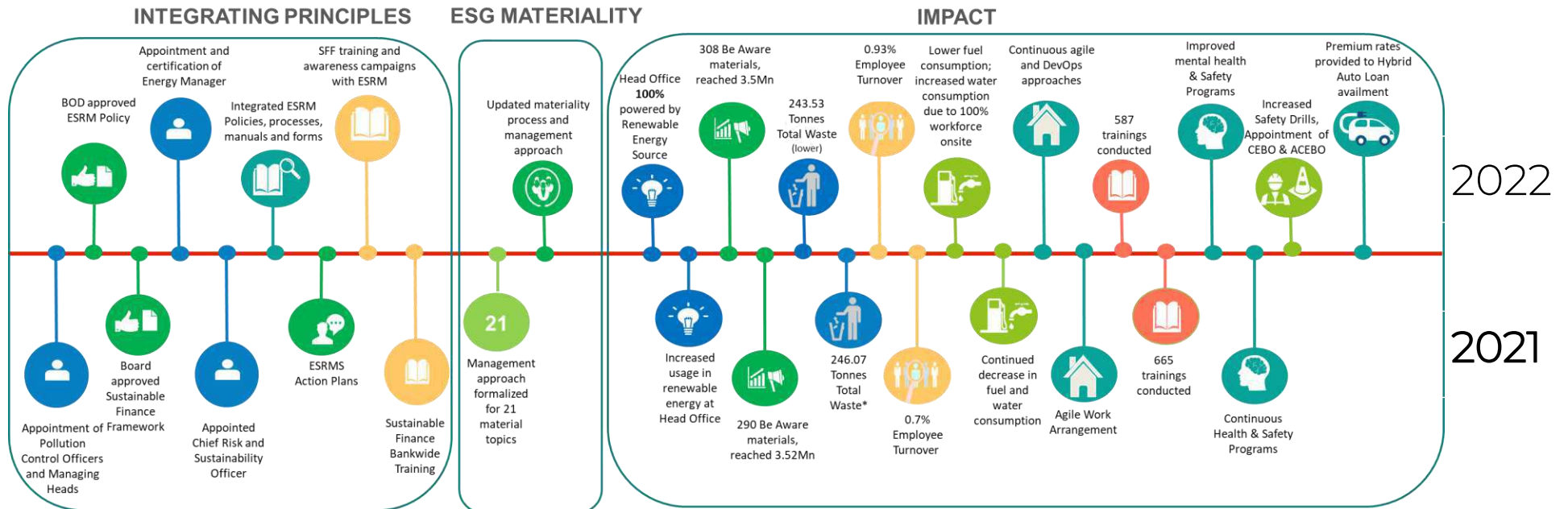


Image source: Freepik.com and canva.com

\*Based on actual 2021 data

Milestones	2021	2022
Integrating principles	BOD Approved SFF Framework	BOD approved ESRM Policy Manual
	Appointment of Chief Risk and Sustainability Officer, Sustainability Officer, Pollution Control Officers and Managing Heads	Appointment and certification of Energy Manager
	SFF Bankwide training	SFF Training and awareness campaigns with ESRM
	ESRMS Action plans	Integrated ESRM in policies, process manuals and forms
ESG materiality	21 topics	21 topics
	Indicated management approach	Updated materiality process and management approach
Impact - Environment	<ul style="list-style-type: none"> <li>Introduced inverter appliances</li> <li>HO mostly powered by renewable energy in Q1</li> </ul>	<ul style="list-style-type: none"> <li>Head office 100% powered by renewable energy</li> <li>70 % head office lights converted to LED lights</li> <li>Decrease in paper consumption</li> </ul>
	Further reduction of fuel and water	Optimized fuel usage
	246.07 tonnes of waste	243.53 tonnes of waste
Impact - Financial	<ul style="list-style-type: none"> <li>290 Be Aware materials, reached 3.52Mn</li> <li>Released in 9 platforms</li> </ul>	<ul style="list-style-type: none"> <li>308 Be Aware materials, reached 3.5Mn</li> <li>Released in 9 platforms</li> <li>1<sup>st</sup> sustainability-driven offering on hybrid cars</li> </ul>
Impact - Social	0.7% employee turn-over	0.93% employee turn-over
	Continues adoption of agile work arrangement	<ul style="list-style-type: none"> <li>Continues adoption of agile and DevOps work arrangement</li> <li>Continued adoption of DevOps methodologies for systems and projects for improved collaboration, performance, and delivery</li> </ul>
	655 trainings conducted	587 trainings conducted
	<ul style="list-style-type: none"> <li>Continuous health and safety</li> <li>COVID vaccination</li> <li>Constant disinfectant</li> </ul>	<ul style="list-style-type: none"> <li>More mental health programs</li> <li>Expanded Business Continuity Programs with more safety drills, reinforced Emergency Response Team and appointment of Chief Emergency Brigade Officer and its Assistant</li> </ul>

# ESG Materiality and Management Approach

## PSBank Materiality Process

The concept of materiality is central to sustainable business practice as it helps in determining the types of ESG issues to address and report on. The Bank follows an internal process review to define issues that are significant to environmental, social, governance and economic priorities and their impacts to both our business and stakeholders.

The Bank adopted the process endorsed by a third party service provider in 2019 to identify material topics relevant to its business. In the recent years, the Bank included research, trends and gap analysis as benchmarking activities for its material topic identification. The gaps are now part of the assessment of the material topics. Exhibit 1 shows the Board-approved internal practices performed by the Bank to identify and assess high materiality topics.

### EXHIBIT 1. MATERIALITY PROCESS



**Stakeholder Analysis:** Using the mission, vision and results of embedded feedback mechanisms, the Bank analyzes issues and concerns raised by its customers, employees and other stakeholders that directly affect the Bank's operations and business decision-making.

**Research and Trends:** The Bank may conduct ad hoc material issue research, peer benchmarking, trends or best practice analysis to enhance the materiality assessment.

**Analysis:** The Bank ranks and prioritizes topics considering a range of internal and external perspectives through cross functional meetings, alignment with enterprise risk management, and relevance checking versus sustainability reporting frameworks.

**Prioritization:** The prioritization of topics is based on the significant impact on the Bank's business success or those which would substantively influence the assessments and decisions of stakeholders.

The material ESG issues shall be identified under four categories: Material to both sector and organization, Material to sector, Material to organization, and Immaterial. The following 21 issues are material to the Bank on sectoral and organizational level.

#### Economic (6)

1. Financial Performance
2. Market Presence
3. Geographical Positioning and Management
4. Brand Positioning and Management
5. Innovation and Digitization
6. Customer Experience

#### Environment (1)

1. Environmental Compliance

#### Social (6)

1. Customer Health and Safety
2. Diversity and Equal Opportunity
3. Non-discrimination
4. Workplace Health and Safety
5. Labor Relations
6. Talent Acquisition and Retention

#### Governance (8)

1. Anti-Fraud and Anti-Bribery
2. Data Management and Security Practices
3. Customer Privacy
4. Anti-Corruption /Whistleblower Protection
5. Ethics and Integrity
6. Human Rights Protection
7. Financial Risk Management
8. Regulations and Compliance Management

## Management Approach

True to its mission and vision to be the country's consumer and retail bank of choice, the Bank continuously works to provide its clients competitive products and services while ensuring safe and positive banking experience as it strives to adhere to sustainable finance principles and standards.

With its Board of Directors, Senior Management and employees, the Bank strategizes to ensure that material topics with high impact on business and customers are managed well. This section describes how the Bank manages its identified material topics to deliver its commitment to the banking public and actively participate in the Philippine banking industry's goal to accomplish its Sustainable Finance initiatives and help the Philippine Government with its own Nationally Determined Targets.

### Economic Aspect



#### Financial Performance

PSBank's Finance Group, guided by approved policies and practices, is responsible for monitoring the Bank's financial performance. The Bank undertakes Internal Capital Adequacy Assessment Planning (ICAAP) exercise which helps in the proactive determination of whether the Bank's qualifying capital can support its mid-term risk asset growth based on various economic and regulatory factors, both domestic and international.

Financial projections are generated based on the Bank's outlook over a 5-year period, under normal economic growth indicators. The Bank uses various scenarios or simulations to stress the base case with minimal or no management intervention to obtain a "black swan" environment, if possible, to test the Bank's capital strength and resilience against adverse conditions.



#### Market Presence

The Bank is able to improve on its strong presence with respect to loan products by providing competitive interest rates, flexible repayment options, and the maintenance of good relationships with its partner providers (like auto dealers and real estate developers). Its delivery and distribution channels include physical branches, ATM network and digital banking platforms. Its thematic and tactical marketing campaigns focus on the promotion of financial products and services as well as information on how clients can maximize them. By virtue of changing market behavior, the Bank utilizes digital platforms and thereby controls the use of paper marketing collaterals.



#### Geographical Positioning and Management

The Bank strategically places its physical branches and ATMs in locations within communities that are easily accessible by clients.

Banking on digital innovation and technology, the Bank continues to improve its online and mobile banking facilities to enable its clients to perform their banking needs in a safe and more convenient way.



#### Brand Positioning and Management

True to its tagline, "Simple lang Maasahan", the Bank ensures that the delivery of products and services are made simple and easy to use while providing features that help its retail, SME, and corporate clients meet their requirements and improve their financial welfare.



#### Innovation and Digitization

The Information Technology (IT) Group of the Bank together with its Marketing and Information Security groups work together to ensure that all systems are efficient and safe for the customers to use. Systems are regularly reviewed and monitored for possible improvements and upgrades using the latest in available technologies.

The Bank also continues to rationalize existing systems infrastructure, pursue needed investments in technology, and perform continuous research to substantially improve IT operations, reduce system incidences and energy consumption.



### Customer Service

The Bank continuously strives to be the country's consumer and retail bank of choice, by conforming to the highest standards of integrity, professionalism and teamwork. The Bank commits to provide its customers superior products and reliable services that contribute to social and environmental sustainability.

## Environmental Aspect



### Environmental Compliance

PSBank continues to manage the environmental impacts of its owned buildings and operations. Its policies and processes are reviewed at least annually to ensure that they remain in accordance with existing and new laws and regulations. In 2021, the Bank appointed Pollution Control Officers and Managing Heads for the head office and branch clusters across the country. In 2022, the Energy Manager was likewise appointed and certified.

## Social Aspect



### Customer Health and Safety

To ensure that both customers and employees are able to engage with each other comfortably and safely amidst the rise of health issues and concerns, the Bank maintains strong and effective health and safety protocols. It has measures to ensure that these are strictly followed by employees, customers and visitors. The Bank's IT Group and business units deliver several online banking and digital products and services to ensure that identified environmental and social risks do not disrupt the Bank's services to its banking public.



### Diversity and Equal Opportunity

The Bank believes in the importance of diversity in promoting innovation, inclusive growth, and maintaining a collaborative environment. The Bank employs and promotes competent individuals regardless of gender, age, religion and cultural ethnicity.



### Non-discrimination and Labor Relations

The Bank ensures strict implementation of its Code of Conduct and maintains a strong partnership with its Employee Union. Through CXHRG – People and Labor Relations Department, the Bank closely monitors the compliance of its branches and head office units with all necessary DOLE certification and requirements. This contributes to the Bank's satisfactory rating in the DOLE Audit Exercise.



### Workplace Health and Safety

As the COVID-19 pandemic lingers, the Bank intensifies its awareness and educational drive on health and safety; and regularly conducts a bank-wide Basic Health and Safety Training Course.



### Talent Acquisition and Retention

The Bank believes that each employee should be given equal opportunity to improve oneself and attain one's highest potential. It uses a Competency Framework to ensure that all employees' skill sets are considered, and matched with existing and future talent requirements of the business. The said framework helps strengthen the Bank's succession planning initiatives to identify, grow and retain internal talents while ensuring a sustainable manpower pool for business continuity.



### Human Rights

PSBank, governed by its policies and code of conduct, upholds the human rights of its stakeholders, customers and employees.

Image source: Freepik.com and canva.com

## Governance Aspect



### Anti-Fraud and Anti-Bribery, Anti-Corruption /Whistleblower Protection

The Bank's Fraud Management Group uses several tools and industry best practices for early detection, prevention, and management of internal and external fraud. The Bank's Code of Conduct and Whistleblowing policies are in place to guide employees in reporting impropriety or malpractice committed by co-employee(s) or third party(ies).

The whistleblower is protected from any form of harassment as a result of any disclosure done in good faith.



### Data Management and Security Practices

The Bank's Data Privacy Manual is supported by its Data Security Framework. It ensures that client data are properly secured throughout their lifetime in the Bank – from the encrypted collection of data, to storage and processing, and secure disposal should the need or requirement arise.



### Customer Privacy

The Bank protects customer data through multiple layers of security, as well as policies that are closely intertwined with its business processes. The Data Protection Officer (DPO) is responsible for ensuring compliance with the guidelines and directives of the country's strict data privacy and confidentiality laws.



### Ethics and Integrity

The Bank subscribes to and adopts the country's laws to protect the: (1) integrity and confidentiality of accounts and ensure that it shall not be used as a money laundering/terrorism financing site and/or conduit for the proceeds of unlawful activities; and (2) 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.



### Financial Risk Management

In managing its stakeholder value, the Bank ensures its enterprise risk management remains effective, robust and relevant through the major risk areas of credit, market and operational risks. The risk management activities cover: regular review and updating of risk management policies, limits and loss triggers, and tools; exposures identification, measurement and assessment, monitoring, control and reporting and promoting operational efficiency, compliance, risk awareness and management. These help the Bank maintain risk levels within low or zero appetite.

For a complete discussion, please refer to the Annual Report disclosure on Risk Management.



### Regulations and Compliance Management

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

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# Economic Impact

## Economic Performance

### Direct Economic Value Generated and Distributed

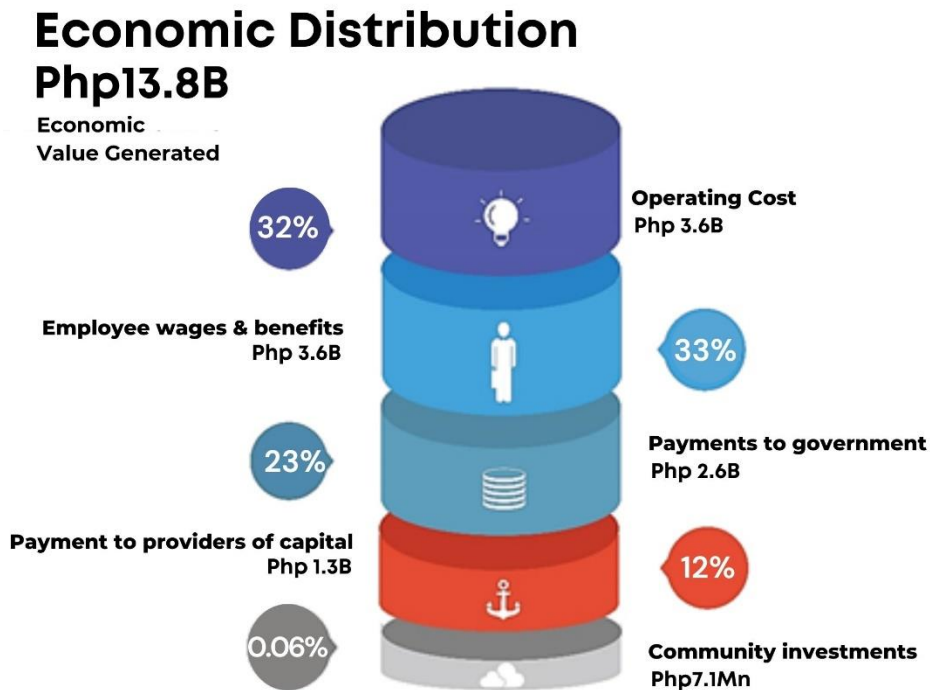
The economy in general has been showing signs of recovery from the disruptive changes brought about by the pandemic. The Bank was one with the small and big industry players in turning their learnings to bring forth new strategies to help the economy build-back better. It boosted its portfolios and integrated risk mitigating measures to ensure that its processes are robust to consider environmental and social risks that it faces now or may encounter in the future. The Bank ensured to meet its commitments to internal and external stakeholders. It implemented policies and processes that enable its resilient manpower complement to adopt and ensure operational efficiency. The adoptive strategies as well as the conscious effort to lower its operational cost enabled the Bank to end the year positive, and generated a direct economic value of Php13.85 billion. This is 13.71% higher than the Php12.18 billion generated in 2021.

Shareholders and other capital payments amounted to Php1.28 billion or same level as the previous year. Employees' wages and benefits amounted to Php3.64 billion, or slightly higher by 2.69% than the cost incurred last 2021.

The Bank's operating cost for 2022 is Php3.59 billion which is slightly lower by 1.11% compared to the Php3.63 billion in 2021.

Contributions to government thru tax payments and licenses amounted to Php2.60 billion, while contributions to the community through donations amounted to Php7.12 million.

EXHIBIT 2. ECONOMIC VALUE, FY 2022



## Procurement Practices

The Bank has internal procurement policies for submission, canvassing, approval, awarding, notification and recording of product or service requirements. It maintains its pool of accredited service providers or vendors based on sound criteria. The Bank may engage Metrobank-accredited partners whenever warranted. Purchase requests that are categorized for canvassing shall require price quotations from at least three service providers or vendors on the accredited list. The purchase shall be awarded based on economic cost and business benefits. Internal policies and regulatory requirements on Related Party Transactions are strictly enforced.



## Anti-Corruption

The Bank's anti-corruption programs and procedures are documented in the Bank's manual re: Reporting of Impropropriety or Malpractice and Code of Conduct which includes policies against Bribery and Corruption and provisions on (1) Disciplinary process; (2) General policies to establish a professional working environment and secure a favorable reputation for our Bank;(3) Corrective measures for unacceptable behavior or failure to comply with our rules, such as on Financial Consumer Protection and on Anti-Money Laundering/Terrorism Financing, policies and procedures; (4) 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; (5) Provisions on management of personal finances, conflict of interest, bribery and corruption, anti-sexual harassment, non-disclosure of information, data privacy and information and insider information.



Image source: Freepik.com and canva.com

## Grievance Mechanism for Whistleblowers

The Bank believes that to be a successful financial institution, all its employee should exude the highest level of integrity, honesty and professionalism. To ensure that this is in place, each employee is empowered to report any form of dishonesty, fraud or unprofessional actions and practices through its Whistleblowing policies embedded in the Bank's Code of Conduct.

PSBank's Whistleblowing policies require its employees to report any impropriety or malpractice committed by co-employee/s or third party or parties to the Group Heads or to the Customer Experience and Human Resources Group Head, the Fraud Management Group Head/Division Heads, or the Chief Audit Executive/Internal Audit Group Head, for evaluation if it would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered as an impropriety or malpractice in itself.

The whistleblower's identity and right to privacy is protected by the Bank to ensure that he/she 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 policies consider any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

For 2022, there were no legal and regulatory fines and settlements associated with financial industry regulations that resulted from whistleblowing actions.



Image source: Freepik.com and canva.com

## Financial Inclusion and Literacy

PSBank continues to provide financial literacy to the country's banking public through its flagship financial literacy campaigns – “Be Aware” and “Good to Know”.



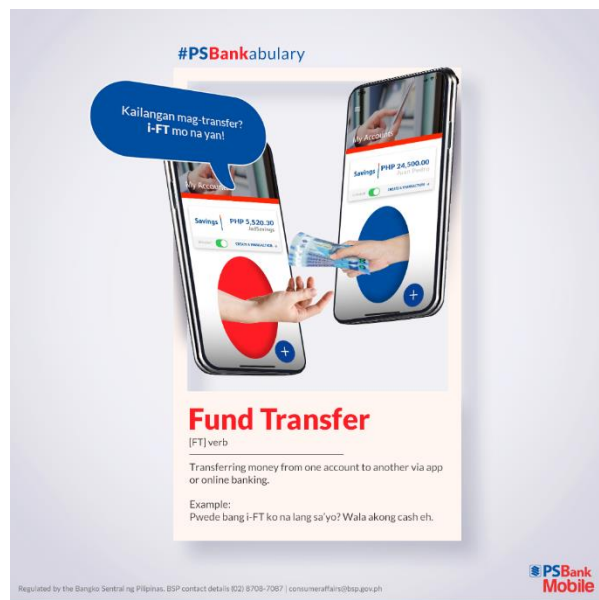
The Be Aware campaign aims to educate, update and increase the awareness of the banking public on the latest scams and modus operandi that try to victimize unsuspecting clients as they perform their financial transactions.

In 2022, the Bank developed 308 materials through its Be Aware campaign for continuing awareness on phishing, pharming, vishing, skimming, SMSing, email scam, social media scam, identity theft, check fraud, clickbaits, shopping scam, travel scam, unwanted loans and obligations, employment scam, and ransomware.

The Good to Know Campaign, on the other hand, aims to cultivate the value of saving and investing among the banking public. The campaign provides tips and shares financial trends to provide a holistic understanding of the Bank's existing and new products and services to help existing and would be clients make better saving and investment decisions.

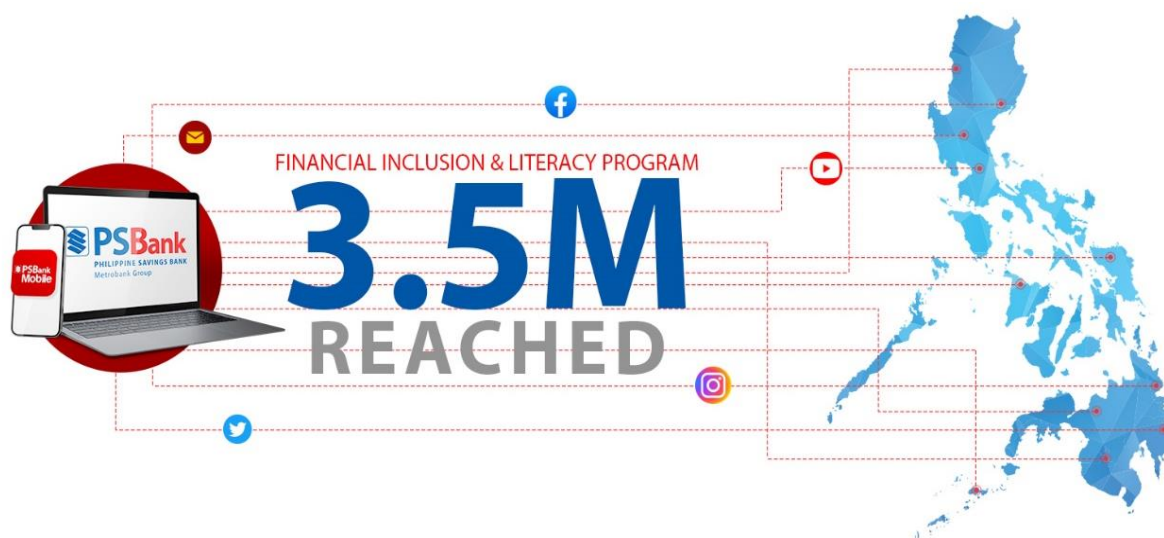
There are 3 social media initiatives under the Good-to Know campaign. These are: (1) PSBankabulary which defines banking and financial concepts in a more "down-to-earth" language; (2) Simpleng Tanong (translates to Simple Questions) features actual frequently-asked questions raised by customers as a reaction to the ads posted on the Bank's social media pages; and (3) How To which guides users on how to access PSBank services/facilities and perform transactions like PaSend, mobile check deposit, mobile TD placements, and paying bills, among others.

The campaigns are presented in a consumer-relatable format that makes use of witty anecdotes and catchy phrases to ensure that the information can be understood and remembered by the banking public from all walks of life. These make banking accessible, and "simple lang" for everyone.



Aiming to educate not only its clients but the banking public in general, the Bank released the materials using 9 different channels to ensure wider reach: (a) PSBank Website "What's New" Section, (b) PSBank Social Media (Facebook, Twitter, Instagram), (c) PSBank Mobile app advisories/reminders (d) PSBank Online (Inbox) (e) Email blast to clients' personal email; (f) Press Releases; (g) SMS blast; (h) PSBank newsletters; (i) PSBank branch Q monitors. In total, the Financial Inclusion and Literacy programs of the Bank reached 3.5 million in 2022 – excluding press releases issued in media for the general public.

#### EXHIBIT 3. FINANCIAL INCLUSION AND LITERACY REACH, FY 2022



## Responsible Investment

The Bank's contribution to SDG 8 – Decent Work and Economic Growth as defined in its Sustainable Finance Framework is to promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all by increasing its non-retail portfolio specially its Small and Medium Enterprise (SME) loan portfolio. The Bank offers term loans, credit lines, letters of credit and trust receipts, bills purchase, and discounting lines which are integral to support SME capital requirements, acquisition of fixed assets, and funding for day-to-day operations. By financing the requirements of the country's SME sector, the Bank indirectly supports employment growth and boosts production of goods and services which in part contributes to the Philippine's SDG 8 whose primary focus is to lower the country's unemployment rate by 2030.

The lower incidence of COVID-19 infections due to the public's increasing immunity and further easing of COVID-related restrictions beginning March 2022 bolstered the country's economic activity. As more and more industries open up for face-to-face operations, the Philippine economy gradually regains further normalcy and stability. The 2022 portfolio reflects this recovery well, with a combination of (1) regular loan payments reflective of the resumption of cash flow for businesses severely affected during COVID infection surges; and (2) the gradual increase of fresh business loan releases to those who have already transcended their respective businesses' recovery phase. While the portfolio balance has not yet reflected an upward trend due to the effects of weak currency, higher oil prices, continuously rising interest rates and ultimately soaring Consumer Price Index, the development achieved in 2022 provides an optimistic view of its performance in the years to come.

EXHIBIT 4. CREDIT LENDING FOR COMMUNITY AND SMEs, FY2021 VS FY2022

CREDIT LENDING	2021	2022
<b>Credit Lending for Community</b>		
Total amount of loans outstanding qualified to promote community development (Php)	17.17 million	24.02 million
Total number of loans outstanding qualified to promote community development	8	13
<b>Credit Lending for SMEs</b>		
Total amount of loans outstanding qualified to promote small business (Php)	4.65 billion	4.12 billion
Total number of loans outstanding qualified to promote small business	1,380	1,251

As of December 31, 2022, the SME loans portfolio stood at Php4.12 billion consisting of several sectors with the largest exposure attributable to Electricity, Gas, Steam and Air Conditioning Supply at 21%. Likewise, the Bank made an investment of Php24.02 million for community development and Php484.71 million on ESG themed projects.

## EXHIBIT 5: SECTOR WISE CREDIT LENDING, FY2021 VS FY2022

## Sector Wise Credit Lending Exposure

Total commercial and industrial credit exposure, by industry	2021		2022	
	Amount	% Share	Amount	% Share
Accommodation and Food Services Activities	0.131B	1.77%	0.049B	0.76%
Activities of Households as Employers and Undifferentiated Goods-and-Services-Producing Activities of Households for Own Use	0.238B	3.22%	0.225B	3.47%
Administrative and Support Service Activities	0.057B	0.77%	0.046B	0.71%
Agriculture, Forestry and Fishing	0.064B	0.87%	0.071B	1.09%
Arts, Entertainment and Recreation	0.000B	0.00%	0.000B	0.00%
Construction	0.495B	6.71%	0.383B	5.92%
Education	0.038B	0.52%	0.015B	0.23%
Electricity, Gas, Steam and Air Conditioning Supply	1.654B	22.40%	1.336B	20.61%
Financial and Insurance Activities	1.159B	15.69%	1.263B	19.49%
Human Health and Social Activities	0.110B	1.50%	0.061B	0.94%
Information and Communication	0.030B	0.40%	0.026B	0.40%
Loans to Individual for household and personal consumption	0.013B	0.18%	0.010B	0.16%
Manufacturing	0.358B	4.85%	0.311B	4.80%
Mining and Quarrying	0.011B	0.16%	0.001B	0.02%
Other Service Activities	0.418B	5.66%	0.366B	5.64%
Professional, Scientific and Technical Services	0.097B	1.32%	0.098B	1.51%
Real Estate Activities	0.798B	10.80%	0.587B	9.06%
Transportation and Storage	0.410B	5.56%	0.373B	5.76%
Water Supply, Sewerage, Waste Management and Remediation Activities	0.010B	0.13%	0.006B	0.09%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1.293B	17.51%	1.251B	19.31%

In 2022, the cooperation of the Bank's Credit, Risk Management, and Enterprise Lending teams in incorporating ESRM in the credit processes for PSBank's Business Loans has reached a solid stepping stone, with the implementation of the ESRM-ready approval medium. This prepares the credit and account officers to better assess, measure and document E and S and transition risks of business loan borrowers. Mitigants for high E and S risks may be introduced in the form of compliance to environmental and social licenses, clearance and permits.

# Environmental Impact

## Environmental Compliance

PSBank continues to manage the environmental impacts of its owned buildings and operations. Appointed Pollution Control Officers (PCOs) and Managing Heads (MH) for the head office and Branch Clusters across the country help monitor and report the Bank's compliance to environmental laws. Through its monitoring process, the Bank was able to maintain its high compliance commitment. The Bank continues to engage with Service Providers who assist in the compliance of various requirements for different Environmental Laws like RA 8749 known as the Philippine Clean Air Act of 1999, RA 6969 known as the Toxic and Hazardous Substances and Nuclear Wastes Control Act of 1990 and RA 9275 known as The Philippine Clean Water Act of 2004. In 2022, the Bank complied with the Environmental Compliance Certificate (ECC) requirement for cited one leased property and settled the applicable charges.

With the full implementation of RA 11285 or Energy Efficiency and Conservation in 2022, the Bank expanded the role of its Building Administration Head to perform Energy Manager role as well. He was certified through DOE accredited training facility. This will help ensure that the Bank can effectively prioritize and manage energy consumption and reduction. The requirements of the RA 11285 on report submission, training attendance, certification and energy audit were complied with.

## Ecosystems and Biodiversity

Climate Action or SDG 13 is another focus of the Bank. In its effort to contribute to the fight against climate change, the Bank continues to transition to sustainable operations. It shall reduce Green House Gas Emission (GHG) from banking facilities, technology and operations and from individual bank employees through reduced energy usage, utilization of energy efficient technology and use of renewable energy. In addition, it shall rationalize procurement logistics to reduce emission from transportation, and partner with non-profit organizations that aid in environmental protection initiatives.

The Bank has policies for selection of locations of its branches, off-site ATMs and warehouses. The standards include environmental and social risk assessment and mitigation.

In 2022, the Bank's People Experience Division and Building Administration Department successfully engaged its head office personnel to transform what used to be empty and unused rooftop, build and grow green spots with sustainable materials. A total of 306 sqm or 25% of the rooftop space are now covered with wide array of plants and is now dubbed Rooftop 777. The employees get to harvest small produce from teas, fruits and vegetables from their green spots and enjoy the calming ambiance during meetings, team huddles and bank activities in Rooftop 777.

The Bank also ran its first sustainability-driven campaign, "Say Hi to Hybrid Promo", in partnership with Toyota Motor Philippines. Special rates and other perks were made available to 9 clients who acquired Toyota Hybrid Electronic Vehicles (HEV) through PSBank auto loan. These contributed to the Bank's HEV portfolio, which ended at 55 units as of year end 2022.

## Operational Greenhouse Gas Emissions

The Bank began measuring its GHG emission in 2019, and endeavors to develop and deploy internal tools to measure such emissions regularly across business segments. For 2022, the Bank computed its Scope 2 GHG emission using DOE published emission factors. The 2019 Scope 2 GHG emissions were recalculated using the same approach. Comparative figures from 2019 to 2022 allowed the Bank to assess its improvement from implementing various initiatives such as its conversion from conventional coal powered energy source to green energy for its head office building. The Bank shall build its capacity to measure air pollutants in its premises.

## EXHIBIT 6: SCOPE 2 GHG CALCULATION

Scope	2019	2020	2021	2022
Absolute emission (tCO <sub>2</sub> e)	3,662	3,579	3,685	3,777
Emission Intensity (tCO <sub>2</sub> e per million Php Revenue)	1.21	3.23	2.39	1.03
Emission Intensity (tCO <sub>2</sub> e per Full Time Employee)	1.17	1.23	1.31	1.37
Emission Intensity (tCO <sub>2</sub> e per Square Meter of Premises)	0.04	0.02	0.02	0.03

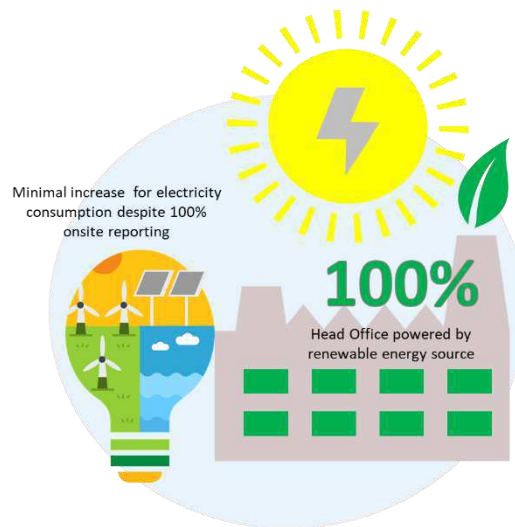
The Bank used 0.507 (t-cO<sub>2</sub>/MWh) emission factor for coal powered source as published by DOE for 2015 to 2017 power statistics.

## Electricity Consumption

For FY2022, the absolute electricity used by the Bank was 16,991,719KWH. This registered a minimal increase of 3.94% from the 16,348,396 KWH consumed last 2021. This is lower than the expected increase coming from 100% onsite reporting of all PSBank employees.

Majority of the Bank's energy is consumed by the 250 branches (60.70%), followed by its head office (36.32%). Its ATM network consumed 2.31%, while warehouses 0.67%.

The energy saving initiatives were continued in 2022.



### LED light fixture replacement

- ✓ **100%** LED lights fixtures replaced the conventional fluorescent bulbs for six branches during their relocation in 2022.
- ✓ **70%** of the Head Office light fixtures were already converted to LED lights by year end.



### Efficient planning and use of space and natural lights

- ✓ Branches were assessed and relocated to smaller floor areas by at least 50% of the original branch size, resulting to smaller energy consumption.
- ✓ Rooftop 777 was opened, converting 50% of head office rooftop into a garden. The Bank shall initiate to scope this initiative's baseline and measure direct effect on the head office building's heat index.



### Continuous IT Infrastructure upgrade

- ✓ Servers were assessed and subjected for decommissioning and consolidation for cost and operational efficiency.
- ✓ Desktop PCs were replaced with laptops and tablets as applicable to reduce energy used from office devices.



### Conversion to renewable energy

- ✓ PSBank head office consumes 100% renewable energy. It successfully switched to Retail Electricity Suppliers (RES) since March 2022 and is now enjoying the benefits of greener energy and competitively priced retail electricity.

## Fuel Consumption

The Bank consumes fuel for both mobile and stationery combustion. In 2022, mobile combustion from bank owned vehicles used for collections, general services operations and other bank car services accounted for 91.16% at 138,891 liters. Stationery combustion accounted for 8.84% or 13,472 liters for generator sets (genset) servicing the PSBank head office, branches and warehouses nationwide.

The absolute fuel consumption of the Bank stood at 152,363 liters for 2022, registering a reduction of 26.59% from its 2021 level (207,560 liters). This improvement is observed in its mobile combustion (lower by 27.80%) and stationery combustion (lower by 48.15% for head office and by 3.35% for branches). This can be

attributed to improved bank vehicle trip itinerary planning, cessation of shuttle services, and increased frequency of genset preventive maintenance. Fuel consumption for branch generator set was computed based on the total price of fuel bought divided by average price of diesel fuel for 2022 as published in doe.gov.ph.

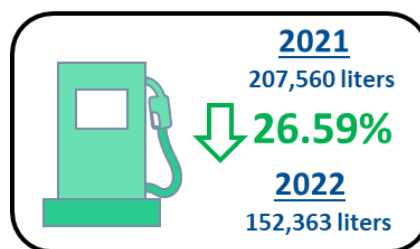


EXHIBIT 7. FUEL CONSUMPTION, FY2021 VS FY2022 (in liters)

Fuel Consumption	2021	2022	% Change
Generator set – Head Office	2,700	1,400	(48.15%)
Generator set - Branches	12,491	12,072	(3.36%)
Transportation	192,369	138,891	(27.80%)
Transportation (Collection and GSD)	160,230	138,891	(13.32%)
Transportation (Shuttle Services)	32,139	0	(100.00%)
<b>Total Consumption</b>	<b>207,560</b>	<b>152,363</b>	<b>(26.59%)</b>

## Water Use

Majority of the Bank's leased and owned facilities use water supplied by local water utilities. For 2022, total water consumed by the Bank was 78,781 cubic meter ( $m^3$ ), which is 25.30% higher compared to 2021 level (62,876 $m^3$ ). This can be attributed to the resumption of onsite reporting for all its employees at head office and branches.

The branch network accounted for higher share in water consumption at 61.54% (48,480 $m^3$ ). head office registered 37.11% share at 29,236 $m^3$  while the leased warehouses share stood at 1.36% (1,064.94  $m^3$ ).

There are 2 owned properties and 3 leased properties that used extracted water from natural resources (deep well). Their consumption was minimal at 506  $m^3$  and lower by 19.23% versus 627  $m^3$  level in 2021. Consumed water is discharged through the Bank's drainage system.

The Bank shall endeavor and explore efficient ways on how it can reuse or recycle its consumed water.

EXHIBIT 8. WATER CONSUMPTION  
FY2021 VS FY2022, (in  $m^3$ )

Water Consumption	2021	2022	% Change
Water Supplied	62,249	78,274	25.74%
Water extracted	627	506	(19.23%)
<b>Total Water Consumed</b>	<b>62,876</b>	<b>78,781</b>	<b>25.30%</b>

Water use intensity normalized by square meter of floor area, employee and revenue were 21.28  $m^3/m^2$ , 28.30  $m^3$ /full time employee and 0.52 $m^3$ /mPhp revenue, respectively.

## Waste Management

PSBank provides guidance for proper disposal of physical wastes and destruction of e-wastes. Proper segregation is observed for physical wastes. Non-hazardous waste is disposed through city-accredited garbage collectors while hazardous waste is disposed via accredited scrap buyers. In 2022, this was enhanced with the introduction of certification by the accredited party at each event on adherence to responsible waste disposal.

Waste segregation was improved beginning September 2022 with the provision of color coded waste bins in all office floors and wings of PSBank head office. This enabled more efficient disposal of non-hazardous physical wastes.



The Bank's total waste generated in 2022 was 243.53 tonnes, consisting of 93.40% non-hazardous waste and 6.60% hazardous waste.

Largely, these were paper, plastic, batteries, electronic scraps and cartridges. In this relation, the Bank's waste reduction initiatives aim to address two parts - plastic and paper. Plastic wastes mostly come from take-out containers and utensils of employees and guests from head office canteen.

In 2022, the canteen management was required to replace these plastics with biodegradable or paper alternates. This caused a reduction of 52,800 plastic utensils and 3,960 plastic cups. Paper waste, on the other hand, generally come from obsolete bank forms, printed reports, correspondences and marketing collaterals of the Bank. Strict controls and monitoring ensured that paper wastes from printed materials are kept at minimum. Due to these efforts, total non-hazardous wastes lowered in 2022 by 1.04%.



E-wastes are composed of batteries, electronic scraps and cartridges. In 2022, the Bank generated 15.90 tonnes of e-waste from head office. An increase year on year was noted because of the Bank's one time disposal of obsolete IT related equipment accumulated from previous years.

EXHIBIT 9. WASTE DISPOSAL, FY2021 VS FY2022, (in Tonnes)

Waste Disposal	2021	2022	% Change
Total Non-Hazardous Waste	246.07	243.53	(1.04%)
Total Hazardous Waste	6.52	17.20	163.80%
Total Waste	252.59	260.73	3.22%

Year on year, the Bank deliberately reduces its paper consumption with centralized printers and automation of processes. In 2022, digitization advanced under Collection and Remedial Management with system-generated and distributed reminder and demand letters for past due loans. In addition, account opening through the Bank's Online Account Onboarding facility gained traction. Together, these resulted to paper reduction of 328 reams of 8x13 paper and 450 reams of account opening forms.

The Bank practices green housekeeping. To ensure employee engagement on this front, this is an included metric in the job setting, goal planning and performance appraisal program of the Bank. The objective is to ensure quality management of work environment with clean and orderly work spaces, diligent facility management, clean water and sanitation, proper use of energy and safe spaces. In 2022, People Experience Division reinforced greenhouse keeping with Rooftop 777 program and campaign for reusable tumblers and utensils of employees. Several sustainability awareness activities through forums, trainings and campaigns were released by Customer Experience and Human Resource Group (CXHRG), Risk Management Office (RMO) and Compliance Office (CO). Among these were the (1) **Love x Evolve** attended virtually by 120 participants both from head office and branches which highlighted the story of discovery, passion, and commitment of the eco-champions who chose to live for the greater good and make our home a better place to live.



(2) The **Urban Gardening Workshop** attended by of 41 PSBankers and 10 housekeeping personnel. The Bank partnered with Ms. Karen Zacarias-Pascua (a microbiologist, edible gardening advocate, Bokashi Pinoy mentor and a certified plantita), to train the green spot leads, Support Services team and Building Administration about the important elements of gardening.



The Bank also institutionalized its Eco-warriors Club that encouraged representation from all units of the Bank and served as environmental conservation and sustainability champions who participated in different environmental activities and outreach. In 2022, members of Eco-warriors participated in the One Billion Bamboo Project at the Marikina Watershed, Sitio Wawa, Rodriguez, Rizal, led by Fr. Benigno Beltran, SVD who also leads Justice, Peace, and Integrity of Creation (JPIC). A weekend with Urban Farmers PH provided the eco-warriors lessons about the basic elements of planting an edible garden, as well as the procedures in cultivating one.



## Social Impact

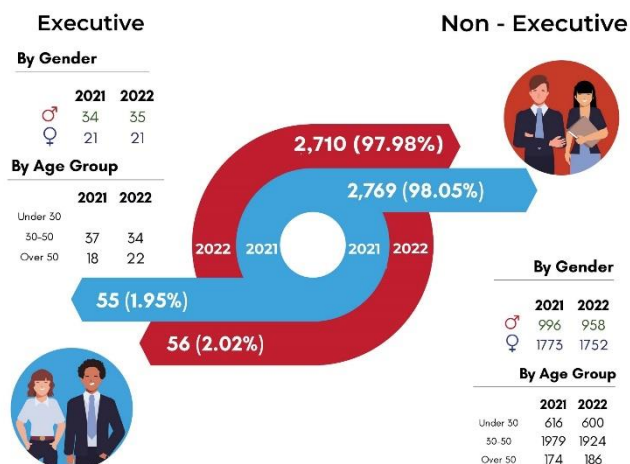
PSBank has always been mindful of its social impact relative to providing financial products and services and its overall operations.

### Workforce Diversity

The Bank believes in the value of diversity to promote innovation, inclusive growth, and a collaborative organizational environment.

It has 2,766 employees – 64.10% are female employees, and 35.90% are male. In terms of age, 70.79% are between ages 30 to 50, followed by the ones below 30 at 21.69% and those over age 50 at 7.52%.

The Bank's Board of Directors has 9 members, two of which are female or 22% of the board make-up.



## Workplace Safety and Labor Practices

The Bank regularly launches programs to protect and sustain its workforce. Its spectrum covers mental health, physical fitness, workplace wellness, social connection, spiritual consciousness, and environmental stewardship.

In 2022, the total recorded incident rate (TRIR) decreased by 2.70%. The Bank recorded 0% Near Miss Frequency Rate (NMFR). Proper health and sanitation protocols continued to ensure the safety of PSBankers. There was no incidence of work-related death in the reporting year.

EXHIBIT 10. WORKPLACE SAFETY, FY2021 VS FY2022

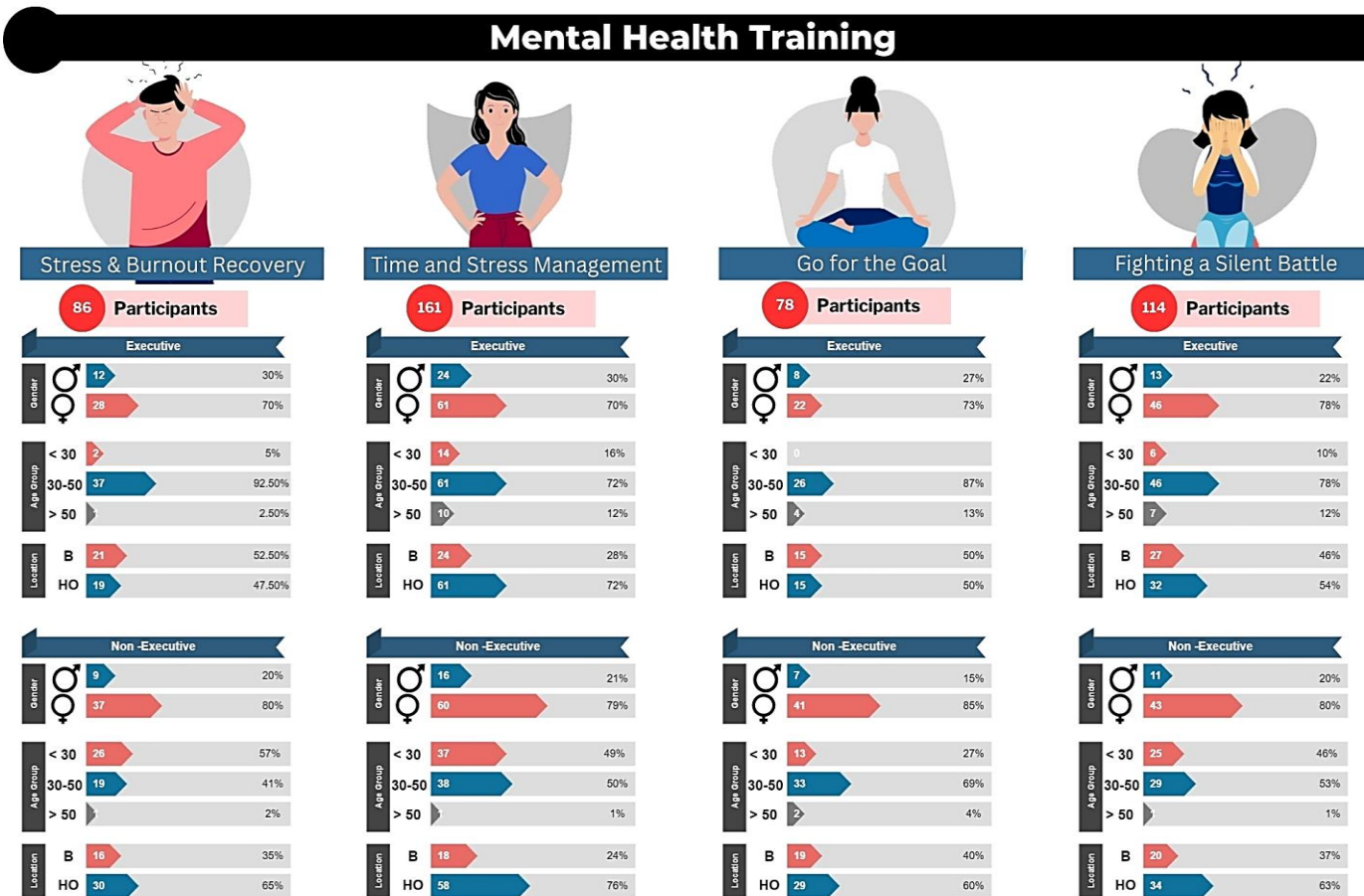
WORKPLACE SAFETY	2021	2022	% Change
Total recordable incident rate (TRIR)	22.86%	20.16%	(2.70%)
Near miss frequency rate (NMFR)	0.28%	0.00%	0.28%

The following are highlights of the Bank's initiatives on its employee well-being:

- **COVID-19 24/7 Management.** The Bank recorded 528 cases with no severe cases in 2022. All were fully attended by its 24/7 Healthy and Safety team.
- **Mind Over Matter and Psychological First Aid.** The Bank again prioritized the mental and emotional health of the employees through these efforts:
  - Production of 31 Mind over Matter/#SelfCareSunday materials
  - Release of the annual Mental and Emotional Well-Being Check Up
  - Referral of employees with behavioral problems to resident psychologists

- Conduct of Mental Health webinars plus an In-person Forum:
  - Stress and Burnout Recovery: Practical Activities that Promote Resilience and Coping (86)
  - Time and Stress Management (161)
  - Go for the Goal: A Webinar on Healthy Goal Setting (78)
  - Fighting a Silent Battle: A Forum on Understanding Depression (114)
- Celebration of the World Mental Health Day Arranged through the Color Walk which featured mental health booths.
- Launch of *Anxiety, Phobia, at Trauma: Ano ang Pinagkaiba?* video series.

EXHIBIT 11. MENTAL HEALTH FORUM - ATTENDANCE DEMOGRAPHICS FY 2022



Over-all Employee Well-being and Workplace Wellness continues to be included in the Bank's top priority in 2022. To ensure that PSBankers are fit and their well-being is fully supported, existing employee-wellness programs were re-run through the following:

- The Occupational Safety and Health Committee (OSHCom) reaffirmed its commitment and was most active throughout the year, holding monthly regrouping and action planning sessions to address all matters concerning the safety and health of PSBankers.

- The PSBank Clinic addressed and supported the immediate health concerns of PSBankers all year-round.
- Mobile Annual Physical Examination (APE), a first for the Bank was launched with 101 employees participating while onsite flu and pneumococcal vaccination was again conducted, availed by 246 and 85 employees and dependent, respectively.
- Blood Donation Drive was brought back in partnership with the Manila Doctors' Hospital. For the first run since the pandemic, PSBankers donated a total of 31 bags.



- #WeekdayWellness was launched – where yoga and zumba sessions were held for various teams in head office and branches
- PSBank Sports is now back with PSBank Elite, the Bank's official Basketball Team leading the charge.

- **Emergency Response Team (ERT).** The Bank's ERT was reinforced through the following:
  - For head office, new Chief Emergency Brigade Officer (CEBO) and Assistant Chief Emergency Brigade Officer (ACEBO) were appointed to strengthen the Bank's preparedness and response during the occurrence of an emergency in the head office. Their roles include identification of gaps, resolution of challenges, creation of action plans, and improvement of efficiency. For the branches, the Branch Service and Control Officer (BSCO) remains to be the overall in-charge with Branch Head as the alternate.
  - Three units of accelerograph were installed in PSBank head office. Alarm from the installed devices triggers the CEBO for an early evacuation of building occupants and assembly at designated evacuation sites.
  - Guidelines and processes were improved to cover various threats.
  - Duck-Cover-Hold, the basic earthquake drill exercise was conducted for all head office units on September 8, 2022. All Branches, on the other hand, held theirs from September 8 to 15, 2022. Surprise earthquake and evacuation drills were conducted for PSBank HO and tenants on November 10, 2022. Another surprise earthquake drill was conducted on December 14, 2022 that was participated by five (5) PSBank head office tenants.
  - The Bank ensured continuing awareness and engagement through virtual training, mandatory exam, media releases, general assemblies, and huddles across the Bank.

As a unionized organization, the Bank maintains an agreement with the PSBank Employee's Union (PSBEU) with the intent and purpose of promoting and improving the economic and social relationship between the Bank and the Union through the Collective Bargaining Agreement (CBA). The CBA covers 58.93% of the Bank's workforce including probationary employees. It establishes a better understanding relative to the rates of pay, hours of work and other terms and conditions of employment, providing expeditious means for the amicable adjustment of all industrial disputes, and to otherwise mutually confirm industrial peace and harmony. It also highlights the commitment of both management and union to help combat climate change. Section 21, Article XIV of the CBA Handbook stipulates this: *"The BANK and the UNION jointly agree to actively discuss the challenges of Global Climate Change in the regular dialogues set forth by both parties. Climate Change awareness shall be discussed during the Labor-Management Council and/or disseminated through BANK media channels."* A CBA negotiation is held every three years between the Bank and the Union.

The Bank and PSBEU continue to align regularly through the Labor Management Council (LMC) appropriately called Talks on Employee Affairs and other Matters or TEAM. The Council is composed of three representatives each from management and union who meet once a month to discuss any or all matters affecting the employees of the Bank.

Employee Discipline Management improved in 2022, registering faster average turnaround time for employee case handling from 16 days in 2021 to 9.37 days. There were no legal actions nor employee grievances involving forced or child labour.

The continuous challenge of the pandemic made the Bank even more committed to ensure a sound employee experience, specially that physical activities are back. A combination of in-person and virtual platforms were used to connect with colleagues across the bank.

The Bank continues to carry out its annual surveys to hear, understand, take action on the voice of PSBankers through the internally-developed Workforce Engagement Scale or WES-60 and the universal employee-Net Promoter Score (e-NPS).

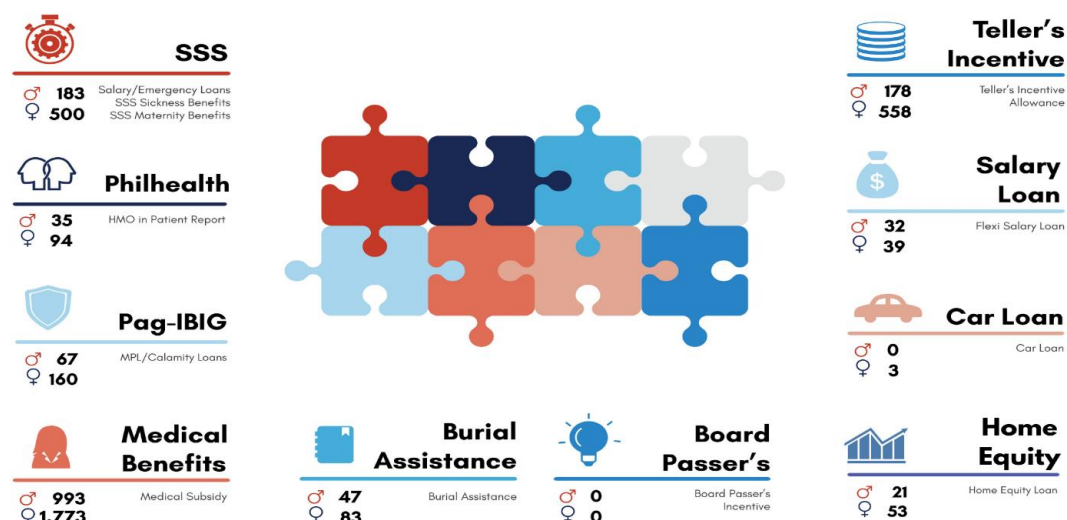
- **For WES-60** – Despite the challenges in 2022, all dimensions were rated very high, as follows:
  - Company Support (3.71/4.00)
  - Job Performance (3.83/4.00)
  - Working Relationships (3.84/4.00)
  - Dedication (3.87/4.00); and
  - Company Policies and Goals (3.91/4.00)
- **For e-NPS**, the Bank registered +83 with only 56 detractors bankwide.

## Employee Benefits

The Bank has always been committed to provide several government-mandated and voluntary benefits to its employees such as leaves, salary loans, several loans options, medical benefits, and other benefits. Many of the benefits administration activities were automated for greater efficiency of service delivery to employees and their dependents. Exhibit below shows the benefits availed of its employees for 2022.

EXHIBIT 12. EMPLOYEE BENEFITS AVAILMENT FY2022

### Employee Benefits Availment



Employee Benefits	Type	2022			
		Female	%	Male	%
Statutory: SSS	Salary / Emergency Loan	315	18%	156	7%
	Sickness Benefit	92		27	
	SSS Maternity Benefit	93		0	
Statutory: PhilHealth	HMO In Patient Report	94	3%	35	1%
Statutory: Pag-IBIG	MPL / Calamity Loan	160	6%	67	2%
PSBank Medical Benefit	Medical Subsidy	1773	64%	993	36%
PSBank Loan	Home Equity Loan	53	3%	21	2%
	Salary Loan	39		32	
	Car Loan	3		0	
PSBank Teller's Incentive (Entitlement based on internal policies)	Teller's Incentive Allowance	558	76%	178	24%
PSBank Burial Assistance	Burial Assistance	83	3%	47	2%
PSBank Board Passer's Incentive	Board Passer's Incentive	0	0%	0	0%
PSBank Group Life Insurance	Death Benefit	1	0%	1	0%

The compulsory retirement age for regular employees (officers and staff) is at 55 years old based on the Bank's Retirement and Gratuity Plan, duly approved by the Bureau of Internal Revenue. To aid in workforce planning, HR reviews the roster of employees and prepares for these expected employee movements for a smooth transition for both the retiring employee and affected business unit. The Bank accords deferential treatment, and provides off-boarding kit containing send-off tokens and mementos to retired employees.

Voluntary turn-over rate in 2022 was higher at 10.27% alongside a higher involuntary turnover rate for employees at 0.93%. The increase was caused by many factors, such as opportunities in other organizations, availability of 100% work-from-home set-up, and family and personal time concerns among others.

EXHIBIT 13. LABOR PRACTICES, FY2021 VS FY2022



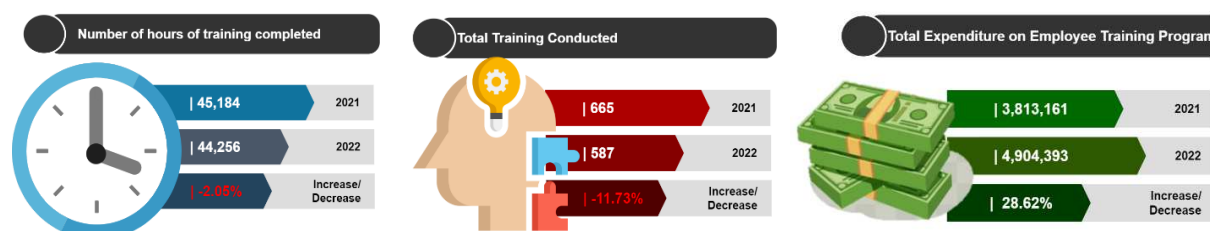
LABOR PRACTICES	2021	2022
Voluntary turnover rate for employees	5.40%	10.27%
Involuntary turnover rate for employees	0.70%	0.93%
Total amount of monetary losses as a result of legal proceedings associated with labor law violations and/or employment discrimination	None	None
Percentage of employees earning minimum wage	0.00%. The Bank provides wages above minimum rate.	

## Employee Training and Development

PSBank remains cognizant that training and education are critical components of the goal to strengthen employee skills and competencies, aside from supporting their professional and personal development. To achieve these, mandatory courses and minimum training hours are defined by job function.

The PSBank Business Campus (PBC) continued to operate as a strategic business hub, deploying accelerated, targeted, and immersive programs for continuous employee learning and development. It conducted 587 internal training programs, a decrease by 11.73% compared to the number of programs carried out the year before. In terms of hours, 2022 trainings totalled at 44,256 hours or lower by 2.05% versus last year.

EXHIBIT 14. EMPLOYEE TRAINING AND DEVELOPMENT, FY2021 VS FY2022



Other highlights of the year #InTheCampus also include the following:

- Management Training/Ladderized Programs.** A total of 49 management trainees completed the Ladderized Programs for the following teams: Central Operations (1), Credit and Collections (8), CX Operations (8), Decision Management and Analytics (1), Human Resources (4), Indirect Sales Channel (2), Information Technology (8), Risk Management (1), Information Security (6), Loans Operations (1), Marketing (1), Process and Systems Management (1), Security Command (1), and Small and Medium Enterprise (6). As part of the Bank's Succession Planning, these trainees filled vacancies for Junior Officer roles.

- **1st Inter-Pillar Commencement Exercises.** A total of 53 graduates from different programs and tracks, coming from various business units were gathered in inter-pillar ceremony, a first for the PBC.
- **1st PBC Faculty Meet and Greet.** Another first since the pandemic was the face-to-face gathering of PBC faculty. Forty-five (45) Subject Matter Experts renewed their commitment to providing #EffortlessLearningExperience.
- **SPEED AXL.** Two cycles were initiated in 2022. The first one had 21 successful graduates from Batch 5 while the second had 24 new participants for Batch 6.
- **New Accounts Clerk (NAC) Step-Up.** Two cycles were initiated in 2022. The first one had 30 participating Customer Service Associates (CSAs) while the second had 38.
- **New Employees Orientation (NEO)/Branch Operations.** After having virtual sessions until April 2022, NEOs for the rest of the year were conducted primarily in-person. The Bank welcomed 251 new employees.
- **Modular Object-Oriented Dynamic Learning Environment or Moodle on Cloud.** In collaboration with the Information Technology Group, the Bank's Learning Management System, Moodle was migrated to Cloud for easier, faster, and effortless access to available courses.

EXHIBIT 15. EMPLOYEE TRAINING AND DEVELOPMENT – LEARNER'S DIVERSITY FY2022

LEARNERS' DIVERSITY		
Gender	Male	15,888 hours
	Female	28,368 hours
Age Group	Under 30	9,600 hours
	30-50	31,328 hours
	Over 50	3,328 hours
Rank	Officers	18,176 hours
	Non-Officers	26,080 hours

## Customer Management

PSBank's vision and mission are directed towards prioritizing its stakeholder experience. Being the country's consumer and retail bank of choice, it continues to provide top-quality customer service experience by using the latest technology and robust customer handling processes.

With the client in mind, the Bank ensures that clients can easily raise their concern, may it be an inquiry, request, or complaint. Clients and non-clients can reach the Bank through its different customer touchpoints whether **Online**: via our 24/7 Live Chat agents, 2-way SMS to know the balance of their existing loans, via Email, Customer experience 24/7 Hotline, and official social media accounts or in person by walking-in at our Customer Experience Direct Banking Department in PSBank head office or through its friendly and professional PSBank employees from the 250 branches located nationwide.



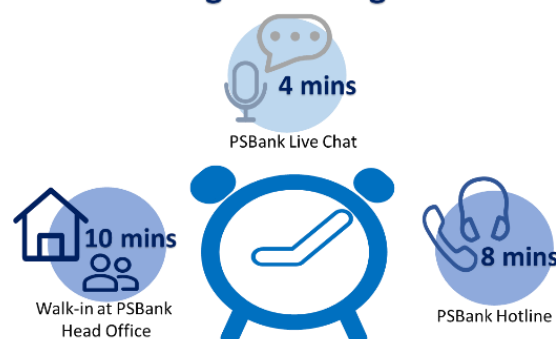
A total of 1,089,487 concerns and requests were received and addressed by the Bank for 2022.

EXHIBIT 16. UTILIZATION PER CHANNEL

Utilization per Channel	2022
<b>CX Hotline</b>	<b>212,227</b>
<b>Email</b>	<b>575,525</b>
<i>CX Email</i>	<i>305,268</i>
<i>Online Banking</i>	<i>186,640</i>
<i>PSB Collections</i>	<i>83,617</i>
<b>Walk-in</b>	<b>10,979</b>
<b>Live Chat</b>	<b>74,211</b>
<b>Social Media</b>	<b>214,209</b>
<b>2-way SMS</b>	<b>2,336</b>
<b>TOTALS</b>	<b>1,089,487</b>

Average handling time is 8 minutes for calls received via PSBank Hotline, 4 minutes for Live Chat, and 10 minutes for walk-in clients.

### Average Handling Time



Concerns received are addressed and resolved using the 4 step- Customer Issue process within established turnaround time standards, in accordance with the policies established by BSP and the Bank. Customer Experience Operations Division and the Bank's CX Council manage, escalate and monitor the issues and complaints received from the time they are reported until resolution is provided.

#### 4 STEP-CUSTOMER ISSUES PROCESS



With the adoption and integration of digital technology coupled with strong data analytics, the Bank is able to generate better customer insights and identify process improvements or system enhancements whenever necessary to live up with the customer expectation relative to the complaint raised.

# Governance

## Data Privacy and Information Security

The Bank takes data privacy and information security very seriously. It protects its subjects' (i.e. employees, clients and customers, suppliers, etc.) data through multiple layers of security in its infrastructure and policies, both of which are closely intertwined with business processes.

The Bank respects and values data privacy rights and makes sure that all personal data collected from its data subjects 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). Aside from the Bank's pre-existing Information Security and Cyber Security policies and procedures, its Board-approved Data Privacy Policy Manual 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 its 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.

The Bank's Data Protection Officer (DPO) is not just responsible for ensuring compliance with the guidelines and directives of the country's strict data privacy laws, but is also tasked with creating a culture of heightened awareness in data privacy within the Bank through employee trainings and awareness campaigns.

Protection of data is tightly integrated in the data security practices and policies of the Bank. The Bank's Data Privacy Policy Manual and policies on retention and disposal of records containing personal information are supported by the Data Security Framework from the Bank's Information Security Group; and ensures that the client's data is properly secured throughout its lifetime in the Bank – from the encrypted collection of data, to storage and processing, and secure disposal when the need or requirement arises.

- Bank applications that collect data from clients use strong network encryption and go through a rigorous and regular application security testing by both internal and 3rd-party security testing teams.
- Critical databases in the Bank are actively monitored for suspicious activities.
- Additional approvals from the DPO and the Chief Information Security Officer (CISO) are required before any client data can be exported, extracted, processed or shared with other groups in the Bank or with 3rd-party entities.
- Secure disposal of hard drives is in place such that digital data are securely wiped out and the drives physically destroyed beyond recovery.
- Security controls are in place for remote VPN and Bring Your Own Device (BYOD) users where the Bank utilizes Mobile Device Management (MDM) technologies to separate company data from personal data in the personal devices of employees.

Security awareness campaigns also play an important role in the Bank's data privacy and security efforts. Programs for security awareness are rolled out by the Bank through its internal advisories, anti-phishing campaigns and even extends to its customers via the award-winning Be Aware! fraud awareness program.

As of December 31, 2022, a total of 1,063,421 individual customer data were maintained by PSBank and, to date, the Bank has not suffered any data security breaches in its systems. For more information on PSBank's Data Privacy Policy, you may refer to: <https://www.psbank.com.ph/footer/privacy-policy>.

## Systemic Risk Management

PSBank undertakes ICAAP exercise which helps in the proactive determination of whether the Bank's qualifying capital can support its mid-term risk asset growth based on various economic and regulatory factors, both domestic and international. Financial projections are generated based on the company's outlook over a 5-year period, under "normal" economic growth indicators. This base case scenario is then subjected to stress indicators, which include assumptions to stress the Bank's Capital Adequacy Ratio (CAR). The Bank uses various scenarios or simulations to stress the base case with minimal or no management intervention to obtain a "black swan" environment, if possible. This includes impact assessment of environment-related events such as earthquake and volcanic eruption. The purpose of these stress scenarios is to test the Bank's capital strength and resilience against adverse conditions.

In the past 3 years, the stress scenarios used were as follows:

- COVID-19 Pandemic / Prolonged Pandemic
- Global Economic Recession
- Real Estate Bubble
- Auto Industry Stress from Domestic and/or International Issues
- The Big One: Major Earthquake in the West Valley Fault Line

Embedded in the ICAAP process is the determination of remedial actions to mitigate the effects of financial decay during stress situations that may result in the deterioration of the capital adequacy ratio. These remedial action plans include, among others, reduction of operating and capital expenses, evaluation of investment strategies, sale of non-performing assets and additional capital infusion.

Results of the ICAAP exercise show that the Bank is in a strong capital and liquidity position. Based on each stress scenario, the Bank has an appropriate recovery strategy and is capable of weathering these stresses for the next five years.

## Business Ethics

PSBank subscribes to and adopts the State's policy to protect the: (1) 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 (2) 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. PSBank ensures that it executes all transactions with its customers in accordance with the AML/CFT policy guidelines, procedures, tools, and controls set forth in its regularly updated Money Laundering and Terrorism Financing Prevention Program (MLTFPP). Its MLTFPP, as posted in its intranet site for the guidance of all implementing personnel, primarily revolves around the basic AML/CFT controls required under existing AML/CFT laws, rules and regulations, namely:

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; and
6. Compliance with Freeze Orders, KYC requests, bank inquiries, Targeted Financial Sanctions and other AML/CFT rules and regulations of the Anti-Money Laundering Council (AMLC) and the Bangko Sentral ng Pilipinas (BSP).

Compliance with the requirements of this MLTFPP is continuously monitored by the Board-designated AML Compliance Officer (AMLCO) under the Compliance Office as the lead implementer.

PSBank values all information received from whistle blowers and/or anonymous sources. It encourages all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices and transactions entered by any of its employees and officers.

PSBank's whistleblowing policies require its employees to report any impropriety or malpractice committed by co-employee(s) or third party(ies) to their Group Heads or to the Customer Experience and Human Resources Group Head, the Fraud Management Group Head/ Division Heads, or the Chief Audit Executive/ Internal Audit Group Head for evaluation if it would warrant an investigation. Under the Bank's 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 policies consider any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

The anti-corruption policies of the Bank form part of the Bank's Code of Conduct, particularly under its provisions for anti-bribery and corruption. Violation of this Code merits the imposition of disciplinary sanctions/penalties ranging from reprimand, suspension to dismissal. The anti-corruption programs and procedures such as Reporting of Impropriety or Malpractice are likewise embodied in the Bank's whistleblowing policies.

### EXHIBIT 17. GOVERNANCE INDICATORS, FY2022

GOVERNING POLICIES	
Total amount of monetary losses as a result of legal proceedings associated with money laundering	None
Anti-money laundering policy in place?	Yes
Whistle-Blower Protection Policy in place?	Yes
Anti-corruption policy in place?	Yes

## Stakeholder Management

PSBank defines "stakeholders" as those individuals and organizations that are affected or affect the Bank's business. It is committed to use its resources and relationships to influence its stakeholders to adopt and integrate sustainable business practices. Its stakeholders are classified into groups based on their interests and needs.

For its **customers**, PSBank provides products and services that are known for being simple and maaasahan (reliable). In addition to having a network of 250 branches and 557 ATMs strategically located nationwide, it offers 24/7 banking services through PSBank Mobile and PSBank Online. The Bank is also accessible to customers through its Customer Experience Hotline, PSBank LiveChat, ISSA Chatbot, PSBank Official accounts on social media and thru 2-way SMS. Launched in October 2021, the Interactive SMS facility enables loan borrowers to inquire and get loan balances real time. Further, in line with the thrust of BSP to ensure safe, efficient and reliable operations of payment systems, the Bank made PSBank QR available in PSBank Mobile and Online in 2022. With this and a few taps on PSBank Mobile or a few clicks on PSBank Online, client may instantly (a) request or receive funds; (b) send or transfer funds from PSBank account, third party accounts, or other QR Ph participating institutions; and (c) pay to QR Ph participating merchants.

PSBank also continues to provide financial literacy through its award-winning financial literacy campaigns, "Be Aware!" and "Good to Know". The Bank has adequate information security and data protection policy guidelines, procedures, and control measures pursuant to regulatory and industry standards on data privacy, cyber security and financial consumer protection.

PSBank places high importance on the well-being, diversity, and development of its **employees**. It ensures a safe workplace that promotes safety, teamwork, and work-life balance, thus, helping them achieve their potentials. The Bank provides comprehensive compensation and benefit packages; and strives for employee retention through talent management and professional development programs. Its Personnel Committee (PERCOM) oversees the evaluation of performance and career advancement of its employees, provides decisions on employee offenses/administrative cases, and reviews personnel policies and procedures, including the Code of Conduct. Its Retirement Committee exclusively administers its Gratuity and Retirement Benefit Plan.

For its **service providers**, PSBank abides by Board-approved policies and regulations on engaging third-party suppliers or service providers covering accreditation, outsourcing, performance monitoring and renewal. In 2022, materiality assessment for outsourced services was introduced and consisted of (1) importance and impact, (2) cost efficiency, (3) exposure to service provider, (4) controls and compliance and (5) data protection. The criteria for Environmental and Social Risks assessment in the outsourcing scorecard was also expanded.



## Marketing and Labelling

The Bank's Financial Consumer Protection (FCP) policies provide due guidance and direction for implementing the Bank's consumer protection standards and strategies. One way these are adopted is through sound and compliant marketing and labelling practices and materials resulting from defined layers of review and approval from relevant product managers and business units. Third party service providers for marketing undergo accreditation process and are required to comply with the Bank's standards on consumer protection. In 2022, the Bank did not receive any citation of non-compliance concerning product and service information and marketing communications.

## Innovation and Technology

The third focus SDG of the Bank is SDG 9 – Industry, Innovation and Infrastructure. The Bank endeavors to contribute and continue to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Its initiatives aim to benefit its stakeholders through sustainable innovations on people, property and facilities, systems, policies and procedures, and products and services.

In order to support the development of sustainable products and services, and deployment efficient operations, the Information Technology Group is beefed up with highly skilled personnel who are up-to-date with latest and more effective technology solutions. They undergo professional development programs relevant to the product or project requirements.

In 2022, the Information Technology Group incorporated the discussion of sustainability benefits in the documentation of system requirements. This allows the Bank to consider the sustainability benefits and impact when delivering IT projects. During the reporting year, 25 technology projects were deployed, with highlights described below.

### 1. People

An in-house system used by the Bank's sales personnel was enhanced to provide necessary information needed for their marketing activities. In 2022, the Moodle – the digital learning management system of the Bank - was migrated to Cloud to enable employees to have faster and convenient way of accessing training.



### 2. Property, Facilities and Systems

In 2022, the Bank completed the replacement of the main Uninterrupted Power Supply (UPS) of its Data Center and upgrade of its BRC site firewall to ensure systems are running continuously and efficiently.

The Bank upgraded and automated processes for its end-to-end finance reconciliation, human resources and external client complaints monitoring for faster and accurate processing. Digitization efforts for paperless correspondences were also implemented to manage the Bank's paper consumption.

### 3. Products and Services

The Online and Mobile Banking facilities were improved to allow clients to view transaction history easily and pay different eligible merchants via QR codes.

**More DETAILS\***  
= less to recall about  
**= Better User Experience**

Date	Description	Amount
June 12, 2022	InstaPay Fee MBTC/DOMINGO/****0926	(PHP 15.00)
June 12, 2022	Fund Transfer - InstaPay MBTC/DOMINGO/****0926	(PHP 1,499.00)
June 11, 2022	Bills Payment MERALCO/****4567	(PHP 3,000.00)
June 11, 2022	Load SMART/****6789	(PHP 500.00)

Now you can see your InstaPay/PESONet recipient and account number, bills payment details, and much more! All these for easier recall and monitoring of your transactions in PSBank Mobile and Online.

**Update your app now!**

\*Details of current day's transactions will be displayed after 2 days.  
Provided by the Details Service on Platform 22/ content details 02/ 01/3 709 / 1/ consumerhelpdesk@psb.com

**PSBank Mobile**

## Sustainability Data Mapping per SEC Guidelines

Below is a mapping of the Bank's Sustainability discussions against the SEC requirements.

SEC Standard Disclosure	PSBank SR Section Name
Materiality Process	ESG Materiality and Management Approach
Economic: Economic Performance – Direct Economic Value Generated and Distributed	Economic Impact - Economic Performance
Economic: Procurement Practices – Local Suppliers	Economic Impact - Procurement Practices
Economic: Anti-corruption – Trainings, Incidents,	Economic Impact - Anti-Corruption
Economic: Anti-corruption – Grievance Mechanism for Whistleblower	Economic Impact - Grievance Mechanism for Whistleblowers
Economic: Financial Inclusion and Literacy	Economic Impact - Financial Inclusion and Literacy
Economic: Responsible Investment	Economic Impact - Responsible Investment
Environment: Resource Management – Energy: Electric Consumption, Reduction of Consumption	Environmental Impact - Electricity Consumption
Environment: Resource Management – Energy: Fuel Consumption, Reduction of Consumption	Environmental Impact - Fuel Consumption
Environment: Resource Management – Energy: Water Consumption, Reduction of Consumption	Environmental Impact - Water Use
Environment: Resource Management – Materials – Consumption, Recycling/Reuse	Environmental Impact - Waste Management
Environment: Resource Management – Ecosystems and Biodiversity	Environmental Impact - Ecosystems and Biodiversity
Environment: Environmental Impact Management – Air Emissions - GHG	Environmental Impact - Operational Greenhouse Gas Emissions
Environment: Environmental Impact Management – Air Pollutants	Environmental Impact - Operational Greenhouse Gas Emissions
Environment: Solid and Hazardous Wastes -Solid	Environmental Impact - Waste Management
Environment: Solid and Hazardous Wastes – Hazardous Wastes	Environmental Impact - Waste Management
Environment: Solid and Hazardous Wastes – Effluence	Environmental Impact – Waste Management; Water Use
Environment: Environmental Compliance - Non-compliance with Environmental Laws and Regulations	Environmental Impact - Environmental Compliance
Social: Employee Management – Employee Hiring	Social Impact - Workforce Diversity
Social: Employee Management – Employee Benefits	Social Impact - Employee Benefits
Social: Employee Management – Employee Training and Development	Social Impact - Employee Training and Development
Social: Employee Management – Labor-Management Relations	Social Impact - Workplace Safety and Labor Practices
Social: Employee Management – Diversity and Equal Opportunity	Social Impact - Workforce Diversity
Social: Employee Management – Workplace Conditions	Social Impact - Workplace Safety and Labor Practices
Social: Employee Management - Labor Standards	Social Impact - Workplace Safety and Labor Practices
Social: Employee Management - Human Rights	Social Impact - Workplace Safety and Labor Practices
Social: Supply Chain Management	Governance - Stakeholder Management
Social: Relationship with Community	Governance - Stakeholder Management
Social: Customer Management – Customer Satisfaction	Social Impact - Customer Management; Governance - Stakeholder Management
Social: Customer Management – Health and Safety	Governance - Stakeholder Management
Social: Customer Management – Marketing and Labelling	Governance - Marketing and Labelling
Social: Customer Management – Customer Privacy	Governance - Data Privacy and Information Security
Social: Customer Management – Data Security	Governance - Data Privacy and Information Security
UN Sustainable Development Goals	Economic Impact - Responsible Investment; Governance - Innovation and Technology; Environmental Impact - Ecosystems and Biodiversity, Electricity Consumption, Fuel Consumption, Water Use, Waste Management

**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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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 EME E.	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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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, BIDDING	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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	CINVENCO CREDIT, INC.	7,660	
294	CITICORP SECURITIES INT'L (PHILS.), INC.	958	
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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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 PENA, 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	
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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	DUEÑAS, 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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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, JOHNY 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 HAEI, DINA B.	142	
593 HAIN, JOSE BONITA	436	
594 HALLARE, ROBERTO	699	
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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	JANEO 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	
670	KEPPEL SEC. PHILS. INC.	5,013	
671	KHE, ROMEO	699	
672	KHO, ALFONSO	838	
673	KHO, HO KIM	842	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	LARIOZA, 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, ERLINE 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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
742	LIM, CORAZON GAW	167	
743	LIM, EDWIN B.	3,643	
744	LIM, ELEANOR JAO	838	
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., GERVACIO	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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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 <sup>1</sup>	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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	PEREDES, JOSEPH S.	699	
970	PEREDES, LORNA P.	699	
971	PEREJA, 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) <sup>2</sup>	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	

	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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, BUENASENSEN 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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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 TENEFRAANCIA, CHARLENE JOY S.	118	
1254 TENEFRAANCIA, SHERI ANN S.	158	
1255 TENEFRAANCIA, 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	
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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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 <sup>3</sup>	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 VILLANUEVA, EFREN	245	
1370 VILLANUEVA, LUCILA T. &/OR RENATO A. VILLANUEVA	209	
1371 VILLANUEVA, MILAGROS P.	55	
1372 VILLANUEVA, MYRA P.	55	
1373 VILLANUEVA, MYRNA P.	55	
1374 VILLANUEVA, ROMULO P. &/OR ERLINDA B. VILLANUEVA	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	

NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	NATIONALITY
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	
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	
	<b>426,859,416</b>	