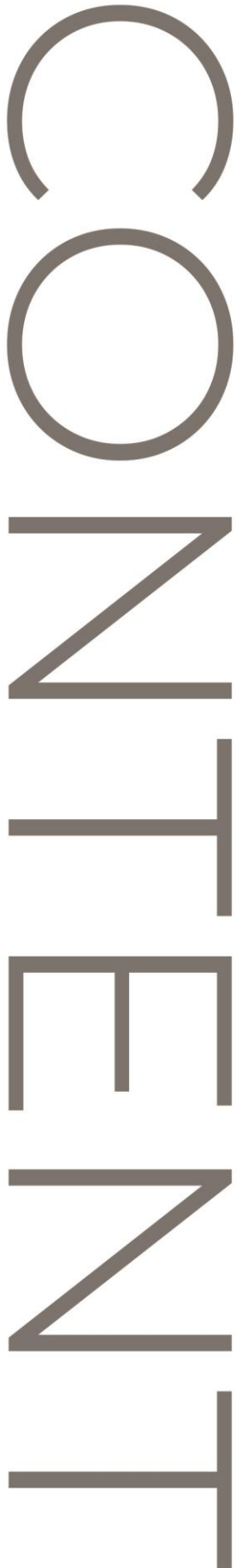


OUR SUSTAINABILITY REPORT

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.

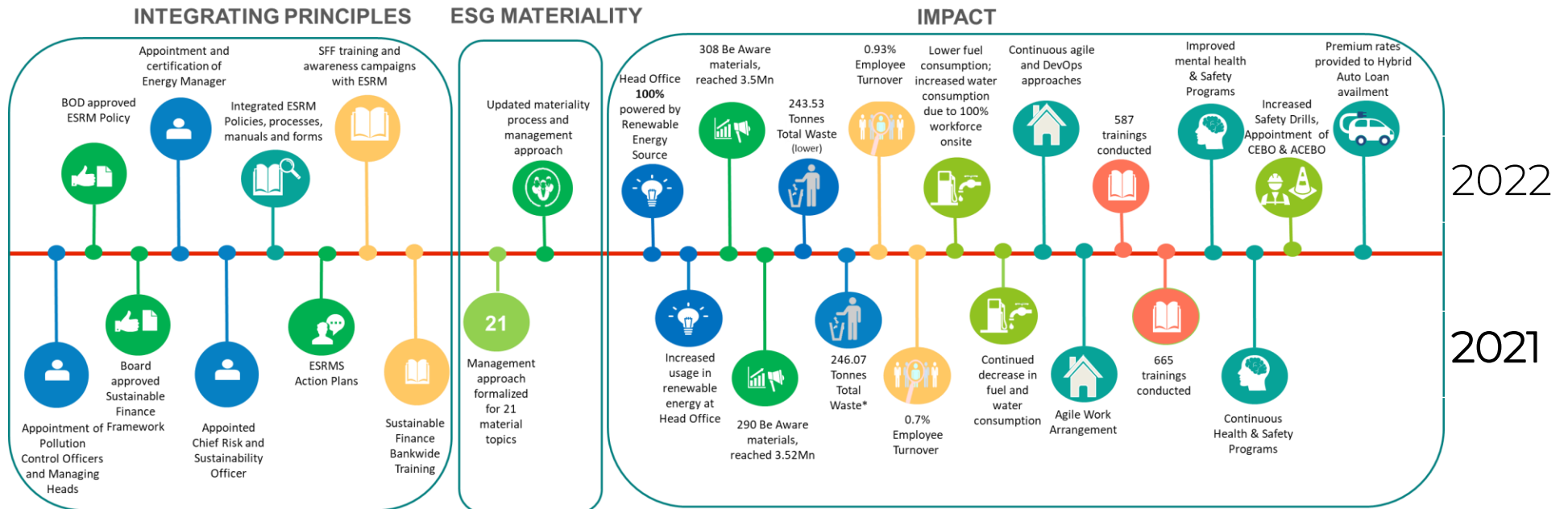


Image source: Freepik.com and canva.com

*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"> Introduced inverter appliances HO mostly powered by renewable energy in Q1 	<ul style="list-style-type: none"> Head office 100% powered by renewable energy 70 % head office lights converted to LED lights Decrease in paper consumption
	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"> 290 Be Aware materials, reached 3.52Mn Released in 9 platforms 	<ul style="list-style-type: none"> 308 Be Aware materials, reached 3.5Mn Released in 9 platforms 1st sustainability-driven offering on hybrid cars
Impact - Social	0.7% employee turn-over	0.93% employee turn-over
	Continues adoption of agile work arrangement	<ul style="list-style-type: none"> Continues adoption of agile and DevOps work arrangement Continued adoption of DevOps methodologies for systems and projects for improved collaboration, performance, and delivery
	655 trainings conducted	587 trainings conducted
	<ul style="list-style-type: none"> Continuous health and safety COVID vaccination Constant disinfectant 	<ul style="list-style-type: none"> More mental health programs Expanded Business Continuity Programs with more safety drills, reinforced Emergency Response Team and appointment of Chief Emergency Brigade Officer and its Assistant

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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2022 Annual Report



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Economic Impact

Economic Performance

Direct Economic Value Generated and Distributed

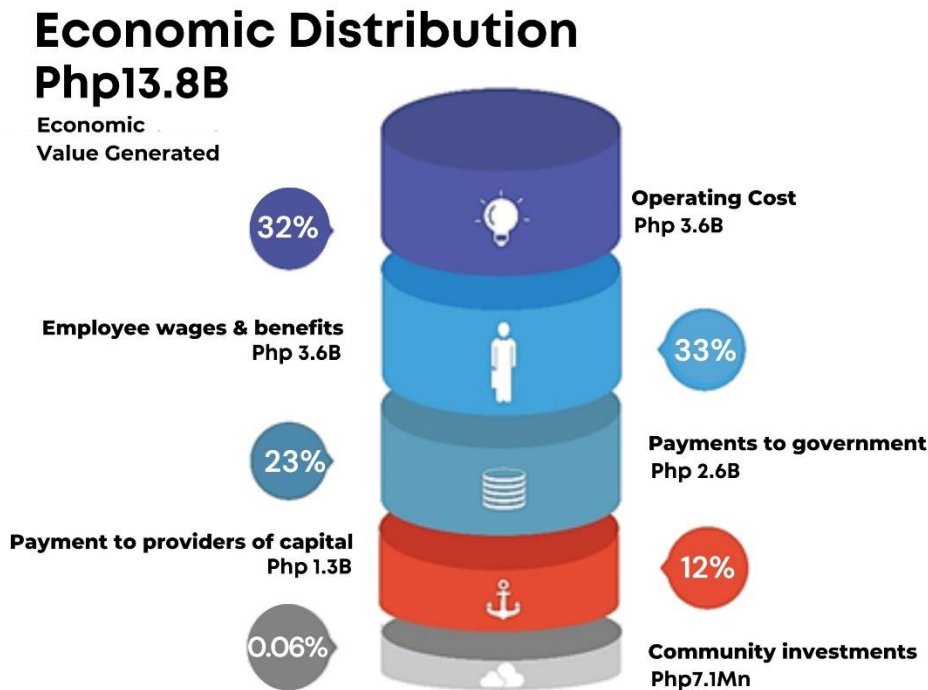
The economy in general has been showing signs of recovery from the disruptive changes brought about by the pandemic. The Bank was one with the small and big industry players in turning their learnings to bring forth new strategies to help the economy build-back better. It boosted its portfolios and integrated 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”.



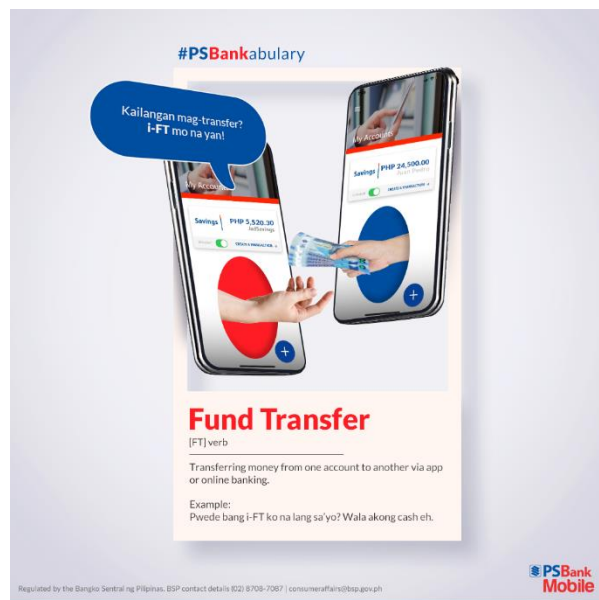
The Be Aware campaign aims to educate, update and increase the awareness of the banking public on the latest scams and modus operandi that try to victimize unsuspecting clients as they perform their financial transactions.

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.

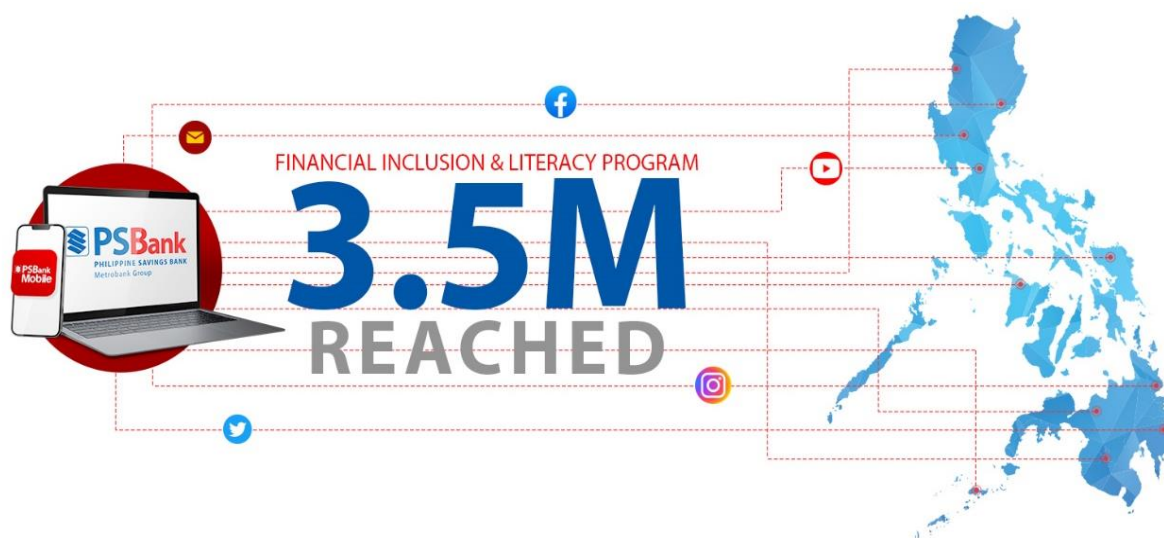
There are 3 social media initiatives under the Good-to Know campaign. These are: (1) PSBankabulary which defines banking and financial concepts in a more "down-to-earth" language; (2) Simpleng Tanong (translates to Simple Questions) features actual frequently-asked questions raised by customers as a 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
Credit Lending for Community		
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
Credit Lending for SMEs		
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 ₂ e)	3,662	3,579	3,685	3,777
Emission Intensity (tCO ₂ e per million Php Revenue)	1.21	3.23	2.39	1.03
Emission Intensity (tCO ₂ e per Full Time Employee)	1.17	1.23	1.31	1.37
Emission Intensity (tCO ₂ e per Square Meter of Premises)	0.04	0.02	0.02	0.03

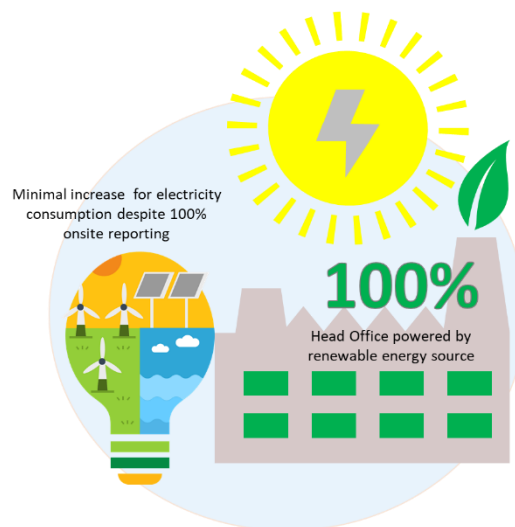
The Bank used 0.507 (t-cO₂/MWh) emission factor for coal powered source as published by DOE for 2015 to 2017 power statistics.

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.

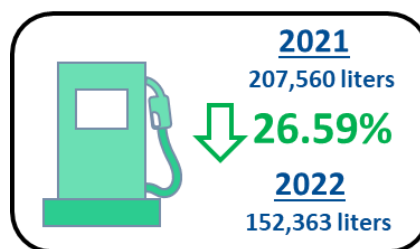


EXHIBIT 7. FUEL CONSUMPTION, FY2021 VS FY2022 (in liters)

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%)
Total Consumption	207,560	152,363	(26.59%)

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%)
Total Water Consumed	62,876	78,781	25.30%

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.

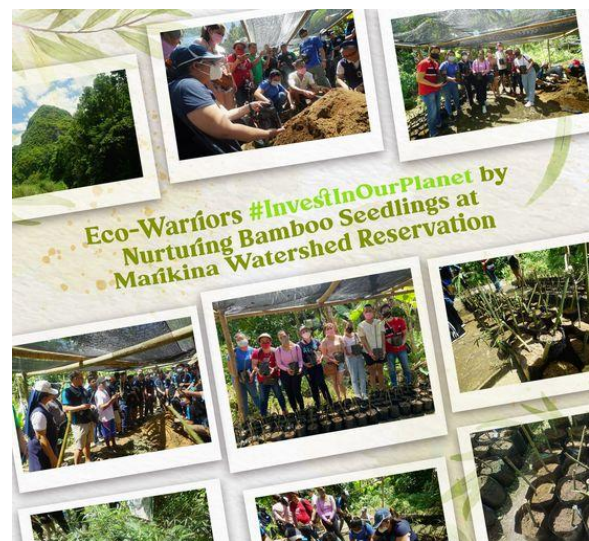
The Bank practices green housekeeping. To ensure employee engagement on this front, this is an included metric in the job setting, goal planning and performance appraisal program of the Bank. The objective is to ensure quality management of work environment with clean and orderly work spaces, diligent 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

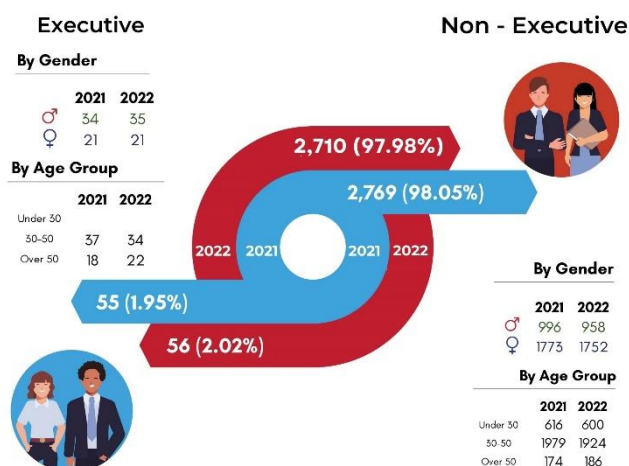
PSBank has always been mindful of its social impact relative to providing financial products and services and its overall operations.

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

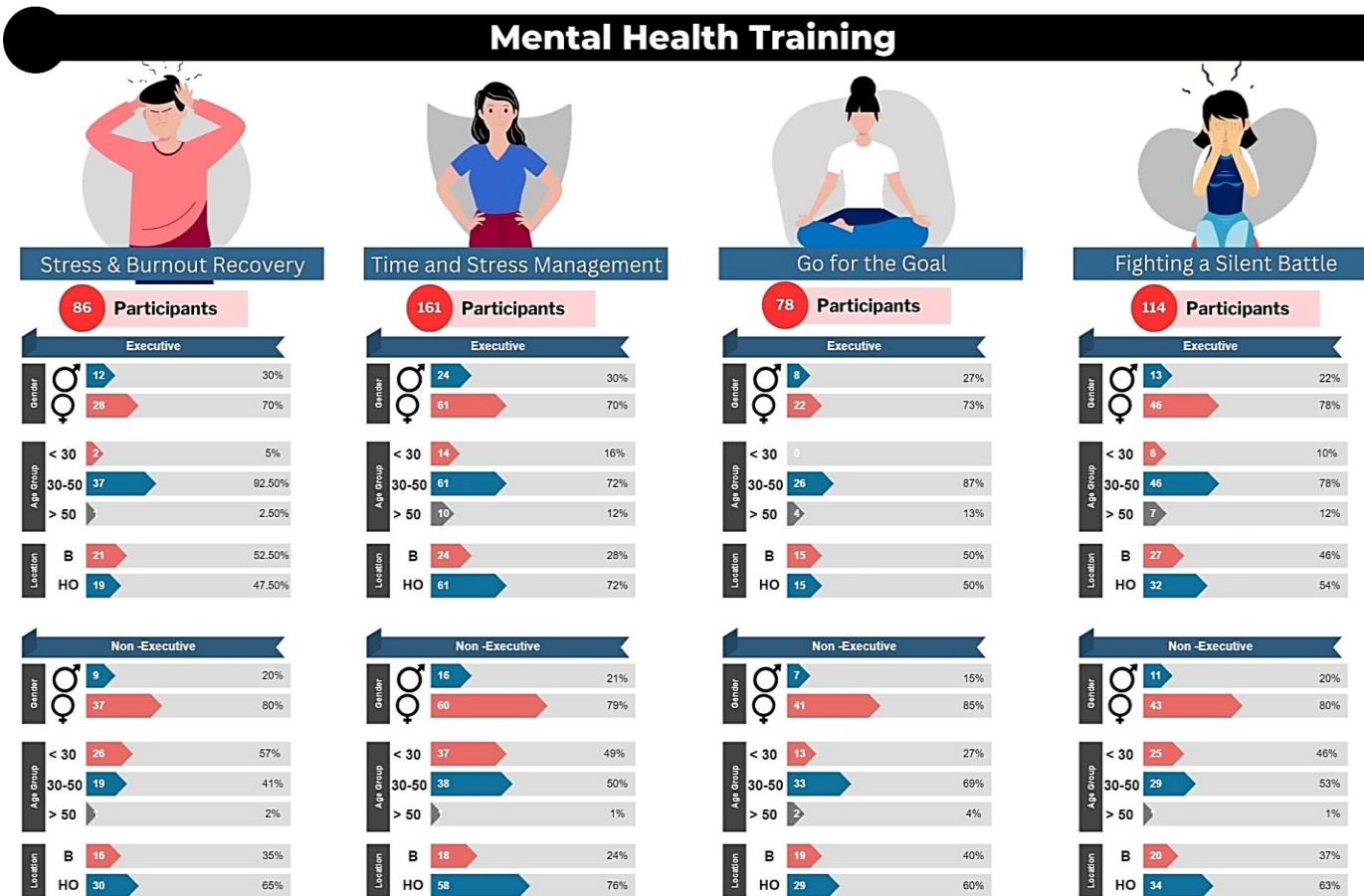
WORKPLACE SAFETY	2021	2022	% Change
Total recordable incident rate (TRIR)	22.86%	20.16%	(2.70%)
Near miss frequency rate (NMFR)	0.28%	0.00%	0.28%

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).

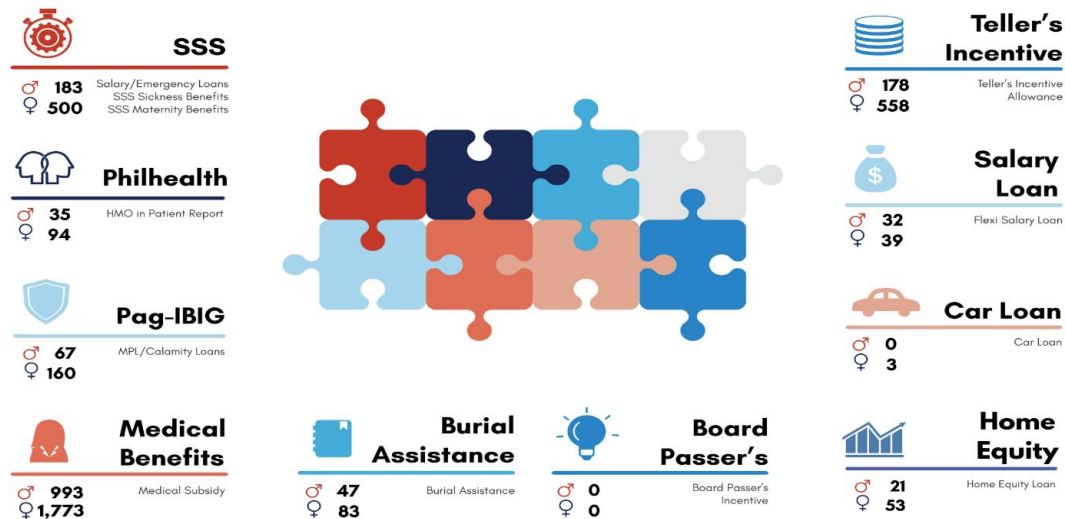
- **For WES-60** – Despite the challenges in 2022, all dimensions were rated very high, as follows:
 - Company Support (3.71/4.00)
 - Job Performance (3.83/4.00)
 - Working Relationships (3.84/4.00)
 - Dedication (3.87/4.00); and
 - Company Policies and Goals (3.91/4.00)
- **For e-NPS**, the Bank registered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



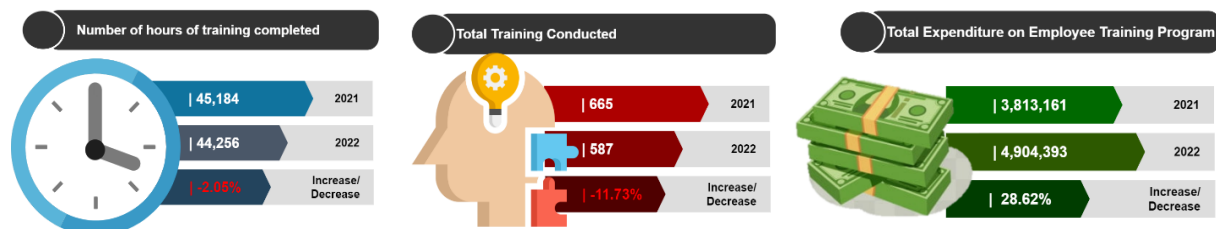
LABOR PRACTICES	2021	2022
Voluntary turnover rate for employees	5.40%	10.27%
Involuntary turnover rate for employees	0.70%	0.93%
Total amount of monetary losses as a result of legal proceedings associated with labor law violations and/or employment discrimination	None	None
Percentage of employees earning 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
CX Hotline	212,227
Email	575,525
<i>CX Email</i>	<i>305,268</i>
<i>Online Banking</i>	<i>186,640</i>
<i>PSB Collections</i>	<i>83,617</i>
Walk-in	10,979
Live Chat	74,211
Social Media	214,209
2-way SMS	2,336
TOTALS	1,089,487

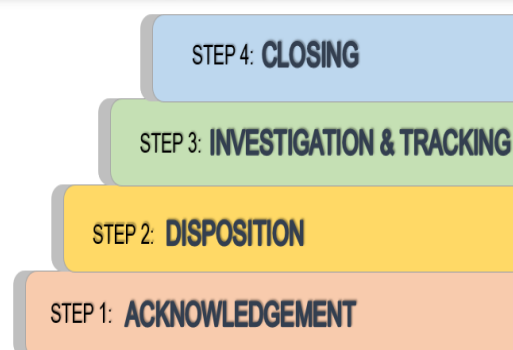
Average handling time is 8 minutes for calls received via PSBank Hotline, 4 minutes for Live Chat, and 10 minutes for walk-in clients.

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.

In 2022, the Bank strengthened its system security by enhancing system alerts and triggers in its Integrated Remittance System, Fraud Management System, Over-the-Counter transactions and TD termination and pre-termination processes providing additional security and banking efficiency.

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

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 to PSBank 24/7 contact details 02-8718 7097 / 1-800-8888888

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