

Effortless PSBanking

INNOVATION + PASSION



2023
Annual
Report



PSBank

PHILIPPINE SAVINGS BANK
Metrobank Group

ABOUT THE REPORT



Today's customers not just expect on-demand, personalized, and seamless experience when they bank, whenever and wherever they choose.

They also want to feel seen and heard – even in today's digital age, where technology is used for personalized and seamless interactions at scale to attract customers and simplify engagement.

The power of human touch cannot be overlooked.

This is why PSBank combines the **heartware** (human touch) with **hardware** (digital transformation) to provide Effortless PSBanking. It's a simple equation that enables us to deliver innovation, with the passion for excellence.

We think of technology as the enabler, rather than the solution, to meet customer and business demands for speed, flexibility, and scale. Passion drives our PSBankers to serve and reimagine business models, strategies, processes, and technologies. Even as we harness technology for innovation, it's the people of PSBank who personalize interactions and create delightful experiences that keep our customers engaged and loyal.

This powerful combination is what makes our business thrive, what inspires us to deliver **Effortless PSBanking**, and produce record-breaking financial results.

CONTENTS

- 02 About PSBank
- 04 Chairman's Message
- 06 President's Report

OUR EFFORTLESS OUTCOMES

- 10 Financial Highlights
- 12 Products & Services: Effortless Experiences
- 14 Hardware: Process Improvements
- 16 Heartware: People Development

BEHIND BEING EFFORTLESS

- 20 Board of Directors
- 22 Board of Directors' Profiles
- 24 Senior Officers
- 26 Senior Officers' Profiles
- 32 Sustainability Report
- 38 Risk Management
- 43 Audit Committee Report
- 44 Corporate Governance
- 59 Products and Services
- 60 Shareholders Information
- 61 QR Codes

ABOUT PSBANK



OUR BUSINESS

Philippine Savings Bank (PSBank) is the thrift banking arm of the Metrobank Group, one of the largest financial conglomerates in the Philippines. Our core business is primarily consumer banking.



Ranked among the top 10 Philippine banks, according to Forbes' List of World's Best Banks 2023



Achieved a record-high net income for the second year in a row

OUR CHANNELS

- 250 branches
- 557 ATMs
- PSBank Mobile
- PSBank Online
- PSBank Business Online Buddy (Corporate Internet Banking)
- PSBank LiveChat
- ISSA Chatbot
- PSBank Official Social Media Accounts
- Customer Experience Hotline



Vision

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

Mission

As an INSTITUTION: To conform to the highest standards of integrity, professionalism, and teamwork.

For our CLIENTS: To provide superior products and reliable, top-quality services responsive to their banking needs.

For our EMPLOYEES: To place a premium on their growth, and nurture an environment of teamwork where outstanding performance is recognized.

For our SHAREHOLDERS: To enhance the value of their investments.

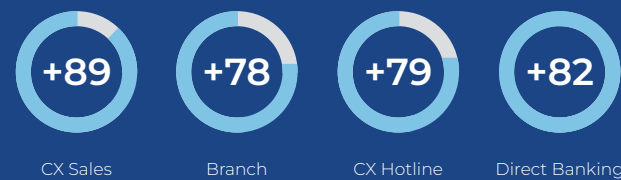
For our COMMUNITIES: To enable products, services and operations that contribute to social and environmental sustainability.

OUR CUSTOMERS

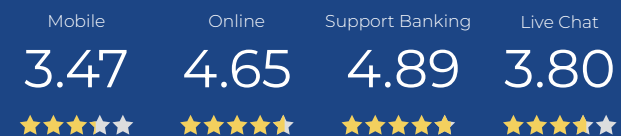
We serve retail customers and small and medium enterprises (SMEs), offering products and services that meet their financial needs.

HOW OUR CUSTOMERS SEE US

Net Promoter Scores**



Customer Satisfaction (CSAT) Rating



** Net Promoter Score® (NPS) measures the willingness of clients to recommend PSBank based on their relative experience with our various touchpoints – a method of calibrating loyalty and advocacy; and classifying respondents as promoters, passives, and detractors. Customer Satisfaction (CSAT) survey is our metric to measure the customers' satisfaction with our service where a 5-star rating scale is used.

NPS is a Registered Trademark of Bain & Company, Inc.

OUR SHAREHOLDERS

MAJORITY

88.38%

Metropolitan Bank & Trust Company

1,429

Common shareholders on record as of 01 March 2024



Infusing the **hardware** of technology and innovation with the **heartware** of the human touch is how PSBank stays truly competitive.

CHAIRMAN'S MESSAGE

PSBANKING AMIDST DISRUPTION & REINVENTION

It was only 10 years ago that the term VUCA – an acronym for volatility, uncertainty, complexity, and ambiguity – was atop the agenda of CEOs determined to adapt to a rapidly changing economic, political, and social environment.

Today, managing well under VUCA conditions is expected. What occupies the minds of strong leaders, as well as their corporate boards, is the emergence of Artificial Intelligence (AI) and its impact on every aspect of business.

There is a key difference. While VUCA triggered anxiety, AI provides the opportunity to differentiate our Bank and to open up new business models altogether. Industry observers call AI digital on steroids. It may not change the fundamentals of banking, but it will transform everything else – the way we manage risk, the way we engage with customers and perhaps, even the way we measure success.

However, governance is essential to the ethical and secure use of AI. At the end of the day, we still need human beings with Real Intelligence (RI) to set appropriate guardrails. This is why human capital is behind every transformation initiative we have at PSBank. It is the driving force behind our continuous reinvention.

PEOPLE AT THE HEART OF PSBANK

To survive and to thrive in a world of disruptions, we rely on PSBank's biggest strengths: our people, and through them, the ability to execute. This is as true today as it was before COVID-19 changed our world.

Our people never lost sight of our goals, even as they identified and mitigated each wave of risks, in one of the world's longest COVID-19 lockdowns. Since we had the discipline required to advance the Bank's goals through the pandemic, we did more than keep our heads above water. We exceeded targets and set new milestones, year after year.

2020 PSBank had already breached the Php3-billion net income mark set in 2019 but in 2020, we needed to build up our provisions to prepare for a prolonged pandemic. In spite of this, we grew our pre-provision operating income by 31% and posted a net income of Php1.11 billion.

2021 By the last quarter, the IMF downgraded the Asia-Pacific economic outlook, yet we demonstrated organizational resilience and agility, posting a 39% growth in net income.

2022 Although geopolitical tensions and economic adversity compounded the effects of the pandemic, PSBank remained undeterred, exceeding its record by 139%, for a net income of Php3.68 billion.

2023 The year was no different, as our net income reached an all-time high of Php4.53 billion, up 23% from 2022.

Conventional thinking might posit that PSBank succeeded through significant reinvention. However, we stayed true to the basic, old-fashioned tenets of banking:



prudent credit management and discipline.

This is why the Bank's credit quality was under control and our credit ratios remained stable through those challenging years.

THE HARDWARE AND THE HEARTWARE

Another lesson from doing business amidst VUCA is the role that technology plays in our seamless execution of strategies. The Board of Directors continues to support PSBank's continuous investment in robust and reliable IT infrastructure. Not only does this create greater operational efficiencies, it also allows the Bank to deliver Effortless PSBanking to its customers.

Infusing the hardware of technology and innovation with the heartware of the human touch is how PSBank stays truly competitive.

We are proud to say our human touch is what earns us our customers' loyalty. In PSBank, resolving their concerns, within the fastest turnaround time possible, is an obsession. Helping each depositor or borrower gives us fresh customer insight that help us take Effortless PSBanking further. Analyzed and amplified by AI at scale, we are turning this fixation into a science, an art, and a means to transformation.

THE WAY AHEAD

With every step towards continued growth comes the challenge of maintaining a reasonable carbon footprint. We always consider viable and renewable paths towards our goals. In its small way, PSBank continues to make a difference by pursuing its sustainability initiatives.

Serving our stakeholders is an opportunity and a privilege. Their unwavering trust and confidence in PSBank have made us a leading consumer bank, known for excellent and reliable service. Together, we look forward to creating and delivering greater value for all.

On behalf of the Board, I thank our customers, our employees and partners, as we continue to deliver on effortless PSBanking in this brave new world.

(Signed)
VICENTE R. CUNA JR.
CHAIRMAN



PRESIDENT'S REPORT

EFFORTFUL BEHIND EFFORTLESS

For the second year in a row since the pandemic,



from Php3.68 billion in 2022. This translates to a return on equity of 11.7%.

The high inflation and interest rates in 2023 failed to dampen consumer appetite. Household spending registered a 5.3% year-on-year uptick while vehicle sales surged to 430,000 units, an all-time high. The property sector picked up as well, with major developers launching new projects and expanding to key cities in the countryside.

Robust consumption fed the record growth of PSBank, being the leading consumer bank in the country. Our strong financial performance came from the double-digit growth in our gross loan portfolio, which rose by 12% to Php125 billion in 2023 from the previous year's Php112 billion. Auto Loans remained as our main growth driver, rising 24% due to higher demand and improved vehicle supply. Despite the growth in our loan portfolio, our non-performing loans ratio continued to improve — to 3.3% by end-2023 from 3.5% a year ago — indicating better credit quality.

Further boosting our bottom line were our higher investment revenues, and the operational efficiencies implemented that muted costs. Our net interest income improved to Php11.83 billion, 7% higher YOY, while operating expenses declined by 1% as we continue our cost optimization efforts.

DELIVERING EFFORTLESS PSBANKING

Scoring these significant milestones was not a walk in the park. Through the years, during the pandemic and beyond, even in the face of uncertainties in an ever-changing world, PSBank managed to beat the odds because of one simple equation: Innovation + Passion = Effortless PSBanking. The perfect fusion of advanced technology and genuine human connection sets the stage for an exceptional customer banking experience.

Customer feedback has become the heart and soul of the improvements we make in our strategies and initiatives. Our directive is to ceaselessly raise our service quality as we keep up with consumers' evolving needs and the increasing expectations on banks.

Technology remains an important enabler in our digital innovations. We have ongoing initiatives to further enhance our customers' digital banking experience and improve our process efficiency. Digital initiatives are regularly rolled out to provide our customers with new functionalities and features so they bank effortlessly from the comfort of their own homes or whenever they are on the move.

But the most essential core in shaping what we do is our people. Together, we are united by one goal: to deliver simple banking to our customers. Working towards this goal means everyone proactively putting exceptional customer experience at the forefront of our mission. Thus, our employee-focused initiatives will continue to be vital to our success. We are proud of having a high annual Employee Net Promoter Score, a measure of our employee engagement. PSBankers continue to receive skills development and training sessions to ensure they are fully capable of delivering the service our customers deserve.

Thanks to the teamwork and the steadfast commitment of every PSBanker in providing effortless PSBanking to our customers and stakeholders, PSBank remains a formidable force in consumer banking.

BEING STRATEGICALLY CONFIDENT

Moving forward, we are setting our eyes on future-proofing strategies that will enable us to deliver more impact to our people and to our environment. We will use digital technologies like AI and machine learning to serve our customers better, and on a deeper and more intimate level. Data analytics will allow us to anticipate how their needs and expectations will evolve and how we can pivot accordingly.

We are also mindful about what's happening to our world. Being in a country that is among the world's most vulnerable to climate change compels us to take action, even in our own small way. Thus, the coming years will be dedicated to doing our share by reducing the carbon footprint of our own internal organization. We have already transitioned 100% to renewable energy sources on our Head Office premises. In 2023, we started using solar energy in our Los Baños branch to serve as proof of concept for an eventual network-wide rollout.

We expect headwinds in the coming years from domestic economic challenges and the ripple effects of El Niño on inflation and consumer spending. Geopolitical tensions abroad may continue to cause volatility in the financial markets and trade. But, as in the previous years, remaining flexible and agile will always be our defensive strategy.

2023 is clear proof of how continuous innovation and relentless passion can become a key differentiator even in a volatile business environment. This will remain our winning formula for success today and in the years ahead, as we make

 **effortless PSBanking an extension of our brand promise - Simple Lang, Maaasahan.**

(Signed)
JOSE VICENTE L. ALDE
PRESIDENT



The perfect fusion of **advanced technology and genuine human connection** sets the stage for an exceptional customer banking experience.

OUR EFFORTLESS OUTCOMES



PHP 4.53B

Record-high net income for 2023



**AMONG THE TOP 10
PHILIPPINE BANKS**

Forbes' List of the World's
Best Banks 2023



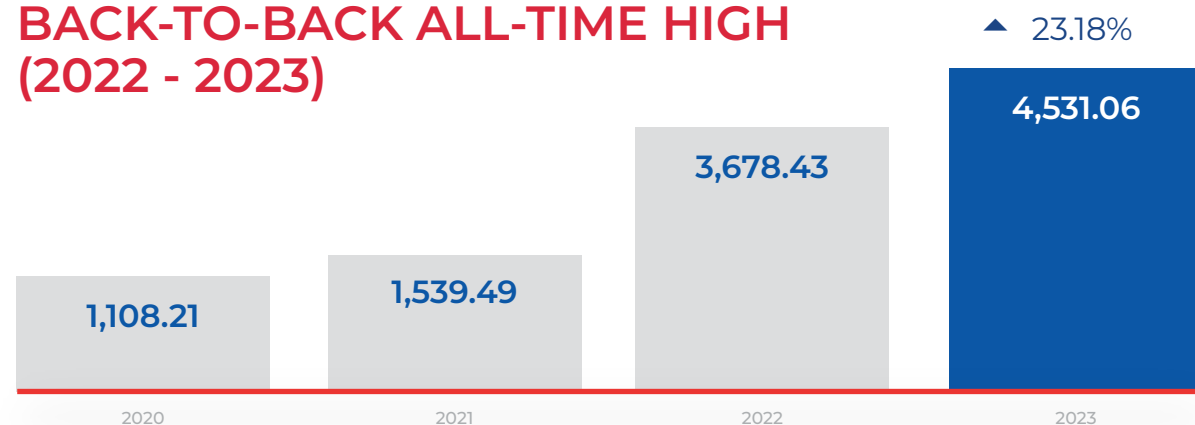
**GOLD ANVIL AWARD
FOR PSBANK'S OFFICIAL
FACEBOOK PAGE**

Public Relations Tool - Multimedia,
Social Media Tool category

2023 BY THE NUMBERS

Net Income (in million PhP)

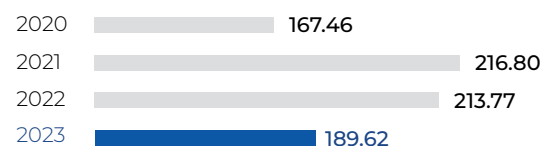
BACK-TO-BACK ALL-TIME HIGH (2022 - 2023)



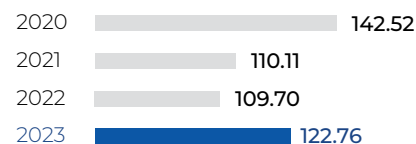
Total Assets (in billion PhP)



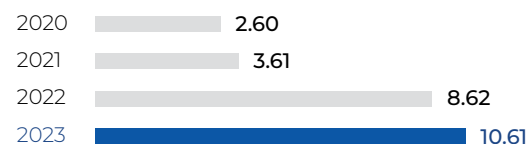
Total Deposits (in billion PhP)



Total Loans and Receivables (in billion PhP)



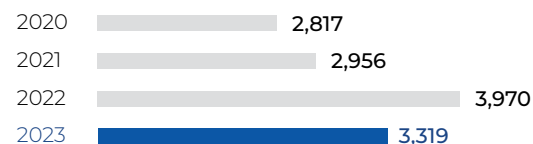
Earnings Per Share (in PhP)



Capital Funds (in billion PhP)



Net Fees, Commission, Other Operating Income (in million PhP)



STATEMENTS OF CONDITION (IN PhP)

ASSETS

	December 31 2023	December 31 2022	December 31 2021	December 31 2020
Cash and Other Cash Items	13,163,418,548	42,394,456,886	56,595,973,563	35,992,302,289
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	6,989,635,680	2,669,609,031	4,532,877,908	5,445,979,370
Investments	84,667,159,987	100,083,036,461	81,228,895,771	23,795,282,132
Loans and Receivables	122,764,412,226	109,697,304,552	110,111,505,826	142,524,344,524
Investment in a Joint Venture	870,178,530	816,284,853	762,926,364	705,476,563
Property and Equipment	3,141,957,377	3,126,723,127	2,938,455,849	3,089,814,582
Investment Properties	3,934,950,184	4,031,471,065	3,508,598,106	3,585,971,956
Other Assets	2,901,583,422	1,602,123,260	2,126,876,426	4,274,430,823
Total	238,433,295,954	264,421,009,234	261,806,109,812	219,413,602,239

LIABILITIES AND EQUITY

Liabilities

Deposit Liabilities	189,622,703,788	213,772,192,978	216,795,549,885	167,464,310,096
Bills Payable	271,896,461	1,185,944,975	-	-
Bonds Payable	-	4,648,449,939	4,633,613,322	10,902,456,911
Other Liabilities	8,384,537,789	7,674,810,118	5,482,869,471	6,536,106,829
Total	198,279,138,038	227,281,398,010	226,912,032,678	184,902,873,836

Equity

Common Stock	4,268,594,160	4,268,594,160	4,268,594,160	4,268,594,160
Capital Paid in Excess of Par Value	11,418,563,257	11,418,563,257	11,418,563,257	11,418,563,257
Surplus Reserves and Surplus	25,501,953,541	22,251,469,925	19,853,619,914	19,594,705,443
Fair Value Reserves on Financial Assets at FVOCI	70,794,457	(48,782,635)	2,409,891	13,058,180
Remeasurement Losses on Retirement Plan	(1,129,174,728)	(748,523,773)	(632,885,484)	(726,238,329)
Equity in Remeasurement Gains on Retirement Plan of a Joint Venture	6,178,352	2,877,392	2,877,392	(1,285,176)
Equity in Hedge Reserves of a Joint Venture	9,707,213	(12,144,581)	(12,144,581)	(35,097,280)
Cumulative Translation Adjustment	7,541,664	7,557,479	(6,957,415)	(21,571,852)
Total	40,154,157,916	37,139,611,224	34,894,077,134	34,510,728,403
Total	238,433,295,954	264,421,009,234	261,806,109,812	219,413,602,239

STATEMENTS OF INCOME (IN PhP)

Years ended December 31	2023	2022	2021	2020
Interest Income	17,624,265,411	14,187,873,452	14,364,768,830	17,317,905,086
Interest Expense	5,798,088,503	3,137,222,758	2,160,008,144	3,564,952,487
Net Interest Income	11,826,176,908	11,050,650,694	12,204,760,686	13,752,952,599
Net Service Fees and Commission Income	1,727,158,977	1,681,532,824	1,533,310,116	1,257,384,725
Other Operating Income	1,591,580,289	2,288,188,244	1,422,211,190	1,559,164,632
Total Operating Income	15,144,916,174	15,020,371,762	15,160,281,992	16,569,501,956
Other Expenses	10,342,231,699	10,306,826,589	11,936,449,093	15,519,051,877
Share in Net Income of a Joint Venture	86,340,894	83,418,474	41,914,529	40,299,304
Provision for Income Tax	357,963,505	1,118,535,388	1,726,254,708	(17,462,895)
Total	4,531,061,864	3,678,428,259	1,539,492,720	1,108,212,278

Profitability (vs. 2022)

Net Income	▲ 23.18% to PhP 4,531,061,864
Total Net Interest Income	▲ 7.02% to PhP 11,826,176,908
Total Non-Interest Income	▼ 16.40% to PhP 3,318,739,266
Total Non-Interest Expenses	▼ 1.22% to PhP 8,891,141,903
Provision for Impairment and Credit Losses*	▲ 11.09% to PhP 1,451,089,796
Share in Net Income of a Joint Venture	▲ 3.50% to PhP 86,340,894

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

Selected Ratios

Return on Equity (ROE)	2023 11.72%	2022 10.21%
Return on Assets (ROA)	2023 1.80%	2022 1.40%
Capital Adequacy Ratio	2023 24.46%	2022 24.85%

Per Common Share Data (vs. 2022)

Net Income per Share Basic	▲ 23.18% to PhP 10.61
Diluted	▲ 23.18% to PhP 10.61
Book Value	▲ 8.12% to PhP 94.07

Selected Balance Sheet Data (vs. 2022)

Gross Loans	▲ 12.28% to PhP 125,087,003,747
Total Assets	▼ 9.83% to PhP 238,433,295,954
Deposits	▼ 11.30% to PhP 189,622,703,788
Total Equity	▲ 8.12% to PhP 40,154,157,916

Others

Total Cash Dividends Declared	2023 PhP 1,280,578,248	2022 PhP 1,280,578,248
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Headcount (vs. 2022)

Officers	▲ 5.02% to 1,193
Staff	▲ 0.67% to 1,641

VIEW OUR AUDITED FINANCIAL STATEMENTS



PRODUCTS & SERVICES: EFFORTLESS EXPERIENCES

Gone are the days when customers expect only an ATM card to go with their passbook. As dependence on technology grows, so do customer expectations on the products and services banks can offer to make life more simple and convenient.

PSBank continues to marry passion and innovation in rolling out products and services to be closer to the consumers' pulse and meet rapidly evolving needs.

No More Paper PIN!

As part of PSBank's continuing digitalization of current bank processes, we launched the Green PIN Project in February 2023.

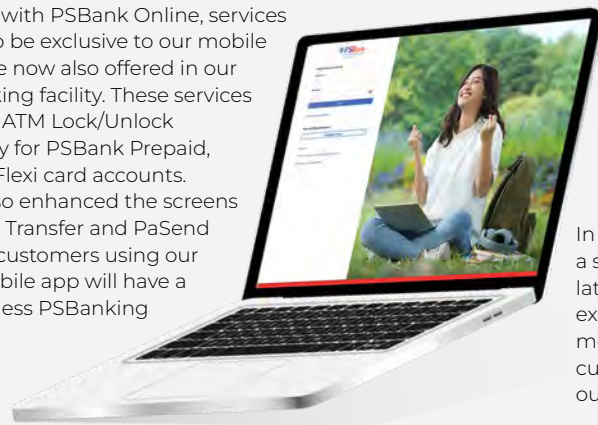
No more peeling back the paper mailer that hides the PIN. No more worrying about attempts at mail tampering. No more waiting for a postal courier to deliver a printed mailer that contains the ATM's PIN number. With the Green PIN Project, PSBank ATM cardholders now have the option to activate their ATM cards anytime, anywhere via PSBank Mobile or Online. No need to worry, too, about changing their PIN, as this can also be done online. Now, clients can do everything paperless and effortlessly 24/7, including requesting for a card replacement (for lost, stolen, or expired cards).



Same Experience, Mobile or Online

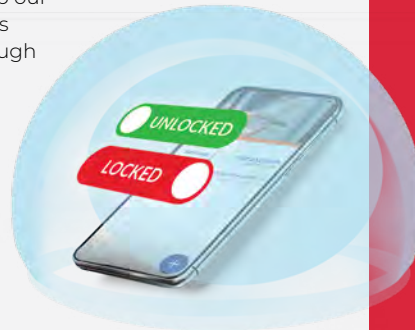
Regardless of whether they choose to use their phone or laptop, PSBank customers can now enjoy the same experience across our digital banking platforms.

With the gradual integration of the PSBank Mobile app with PSBank Online, services that used to be exclusive to our mobile platform are now also offered in our online banking facility. These services include the ATM Lock/Unlock functionality for PSBank Prepaid, Debit, and Flexi card accounts. We have also enhanced the screens of our Fund Transfer and PaSend services so customers using our PSBank Mobile app will have a more effortless PSBanking experience.



Safer and More Secure

Banking is not just a matter of convenience; it's also about safety. We have stepped up our efforts in 2023 to bolster PSBank's information security system through multiple enhancements. One of which is allowing clients to lock access to their PSBank Online if they are more active on the Mobile app, and vice versa. This option provides an added security layer for clients as they can set restrictions on the PSBank platform they seldom use.



Scan to Pay Your Bills

We strengthened our support behind the Bangko Sentral ng Pilipinas' (BSP) campaign for the use of quick response (QR) code-enabled payment services through the National QR Code Standard or QR Ph.

In 2023, we allowed payments via QR code for billings issued by participating merchants using QR Ph, the country's QR code standard. This enhancement not only leads to better and more effortless customer and merchant experiences, but also to greater usage of digital payments aligned with the BSP's push for a cashless society.

More Effortless Transactions

Experience a more simplified, faster, and more convenient way to perform in-branch transactions. As of end-2023, we have completed the rollout of our redesigned Queue Anywhere Kiosk touchscreens on all our 250 branches. The new screen design and flow of our Queue Anywhere Kiosks, proudly developed in-house by our PSBank team, further enhances our customers' experience in our branches.

In addition, our PSBank Head Office Branch lobby now has a screen monitor that displays the latest U.S. dollar and peso exchange rates — making it more effortless to do currency conversion in our branch.



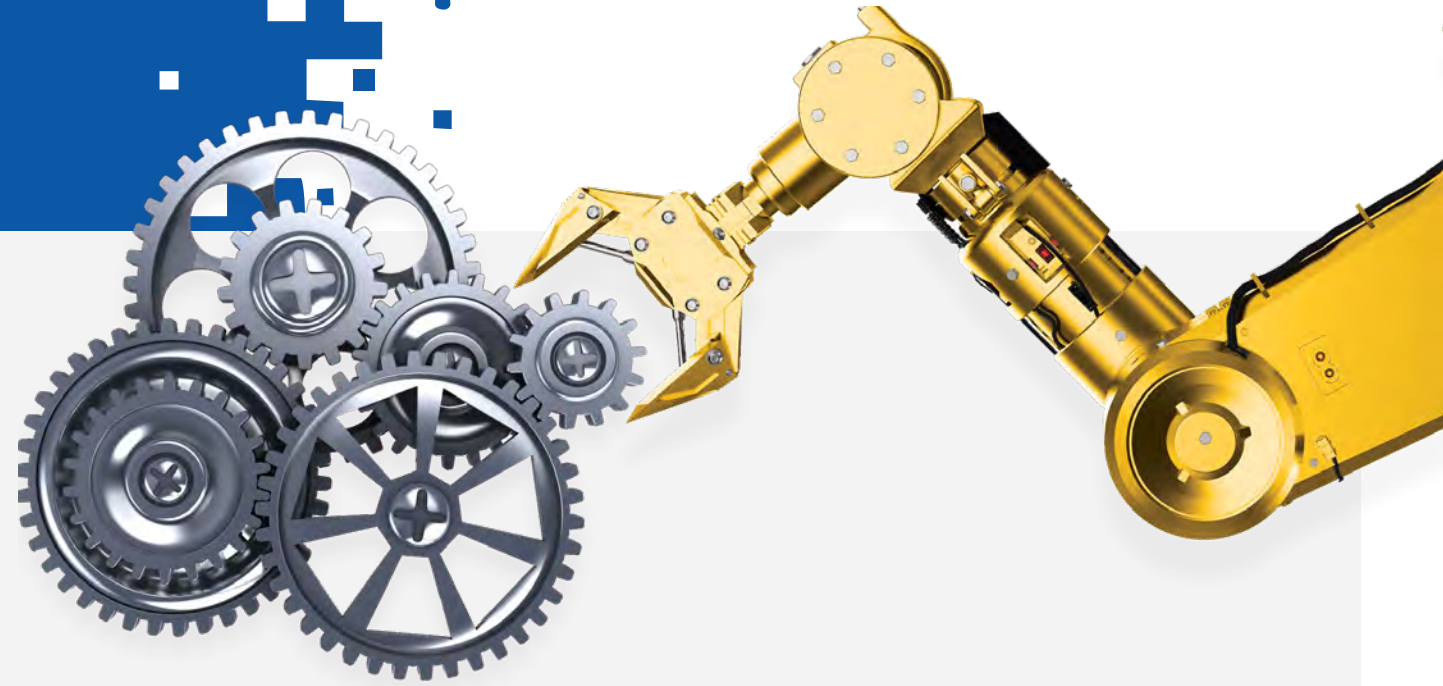
PSBank continues to marry **PASSION AND INNOVATION** in rolling out products and services to be closer to the consumers' pulse and meet rapidly evolving needs.



HARDWARE: PROCESS IMPROVEMENTS

With customers faced with a daily dose of technology, we must always seek ways to connect on a personal level. This is why in our processes, we are humanizing technology.

By infusing technology with human touch, we are able to establish meaningful client relationships, create exceptional experiences, and deliver **EFFORTLESS PSBANKING.**



Raising Efficiencies Through Robotics

Money and time are wasted when there is human error.

Clients fill out lease contracts by hand, and employees manually create the new contract for processing. As these documents are based on free text, they are unstructured, and oftentimes inefficient.

With the drive to bring effortless PSBanking to both our clients and employees, we sought to optimize the process through Robotics Process Automation (RPA). This involves downloading statement of accounts directly from the lessor's portals, enrolling lease contracts, and monitoring the lease renewal. Done digitally, we have eliminated the manual and tedious processes involved in lease contract management. This translates to cost efficiencies by processing the payment accurately, tracking and monitoring all payments closely, and reducing financial discrepancies.

We also embarked on other automation and robotics projects to manage transaction volumes, improve turnaround time and customer experience, strengthen controls, and eliminate manual and repetitive processes.

Making IT More Robust

With our customers' interest always at the heart of what we do, we continued to introduce system enhancements and fortify our IT infrastructure to deliver effortless PSBanking to our clients.

INITIATIVES INCLUDED IN

2023

New client onboarding facility, including the complete integration of PhilSys ID acceptance

Successful tests of backup systems and servers for critical systems to ensure that identified critical systems will be ready in case of disasters

Enhancements to client-related systems and interfaces for easier and faster client concern handling

New modules for check and document reviews

Upgrades of multiple client databases for our major bank systems for faster processing and higher availability of our production systems

Network upgrades in branches, ensuring business continuity in the event of unforeseen situations

HEARTWARE: PEOPLE DEVELOPMENT



Creating memorable customer experiences is not just a project or a program.

At the very core, it is all about fundamentally shifting how everyone in an organization **THINKS AND BEHAVES TOWARD THE CUSTOMER.**

Getting everyone onboard the customer experience (CX) journey demands commitment and connection, a heightened sense of collective ownership for the business, as well as the right tools and technology. This is why we create programs and opportunities that focus on people development, ultimately sparking innovation and passion for the brand.



The Right Learning Environment

PSBank Business Campus (PBC), the Bank's training arm, ensured PSBankers never stop learning.

In 2023, we launched the IT Officership Program (ITOP) as our flagship management program for future technology leaders. All pioneer ITOP participants are currently on developmental assignments as systems analysts, network specialists, and systems engineers, and are preparing to assume various fields of specializations in IT.

To get our frontliners up to speed and on their toes, we continue to run various Branch Banking Programs such as the Staff Professional Enhancement and Educational Development Accelerated Learning (SPEED AX-L); and the New Accounts Clerk (NAC) Step-Up.

60 Program Graduates of SPEED AX-L (all areas)

116 Certified NAC through NAC Step-up

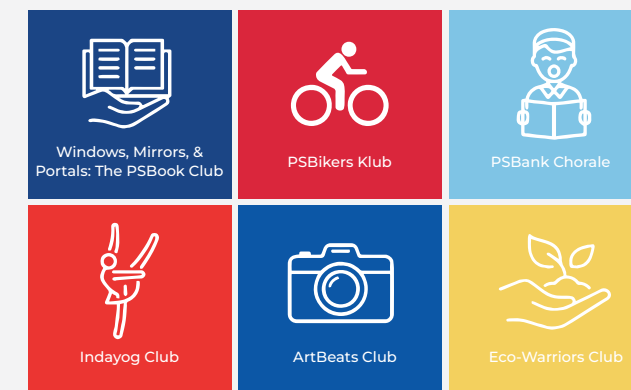
1st Trainers-to-Educators for PBC faculty members

1st Localized SPEED AX-L in Visayas - Mindanao

The Right Passion

We nurture people with the passion, not only to serve, but to build connections, forge lasting bonds, and pursue their life's purpose.

Through the engagement activities of our Employee Clubs, PSBankers find the platform and opportunities to share their passion and interests with their colleagues.



The Right Body and Mind

PSBank puts a premium on employee wellness and well-being to help ensure that PSBankers are healthy on all fronts: physically, mentally, emotionally, socially, and spiritually.

For the first time, we used data from our employees' Annual Physical Exams for a bankwide campaign for wellness. This led to initiatives such as the 1st Fun Walk to Wellness; various sportsfests held in Luzon, Visayas, and Mindanao; as well as wellness and employee outreach activities for work-life integration.

Sports and Wellness Programs:

- 1st Fun Walk to Wellness
- Cebu Summer Sports Fest
- South Luzon Sports Festival
- North & Central Luzon Fun Day
- Wow, MindaNOW! Mindanao Segment's Cultural Sports Fest
- PSBasketball League Seasons 1 and 2
- PSBank Volleyball Tournament

Other Wellness Initiatives:

- 1st Dental Wellness Forum
- Mind Over Matter: Psychological consultations, mental and well-being checkup, #SundaySelfcare reminders via Workplace and mental health online/hybrid forum: "Feb-ibig" Mental Health Forum, "Be Kind to Your Mind: A Talk on Stress and Anger Management," "Word for Wellness: A Forum for Mental Health and Bibliotherapy," "Emotional Resilience: Managing Life's Ups and Downs"
- Occupational Safety and Health Trainings: Occupational First Aid Training with 160 newly certified first aiders; Basic Occupational Safety and Health for Safety Officer 1 with 51 newly certified Safety Officers
- #FellowshipForAll (Spiritual Break): monthly gathering for PSBankers' spiritual well-being open to all religious denominations.

Various Employee Outreach Activities:

- Save Lives, Live Well: PSBank's Quarterly Blood Donation Drive
- Trails to Empower Kids or TREK: Bukidnon
- The Green Normal: An EConversation for the People and Planet
- Brigada Eskwela @ Amado V. Hernandez Elementary School
- River Clean-Up Drive with La Liga Mariquina
- PSBank Chorale Christmas Caroling
- Pamaskong Handog para sa mga Batang Sandiwaan (Year 2)



BEHIND BEING EFFORTLESS



HIGHEST CREDIT RATING FROM PHILRATINGS

PRS AAA with a Stable Outlook



DOUBLE GOLDEN ARROW RECOGNITION FOR EXCELLENCE IN CORPORATE GOVERNANCE

ASEAN Corporate Governance Scorecard
by the Institute of Corporate Directors



100%

Successful conversion of Head Office
energy into renewable sources

BOARD OF DIRECTORS



01

01 VICENTE R. CUNA JR.

02

02 MA. SOLEDAD D.S. DE LEON

03

03 RUFINO LUIS T. MANOTOK

04

04 JOSE VICENTE L. ALDE

06

06 FRANCISCO S. MAGSAJO JR.

08

08 ROSANNA F. DE VERA

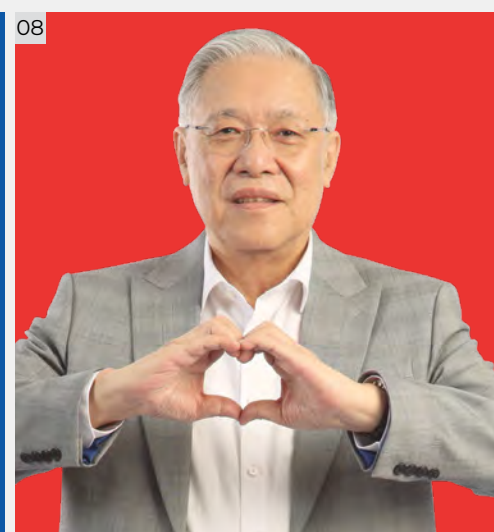
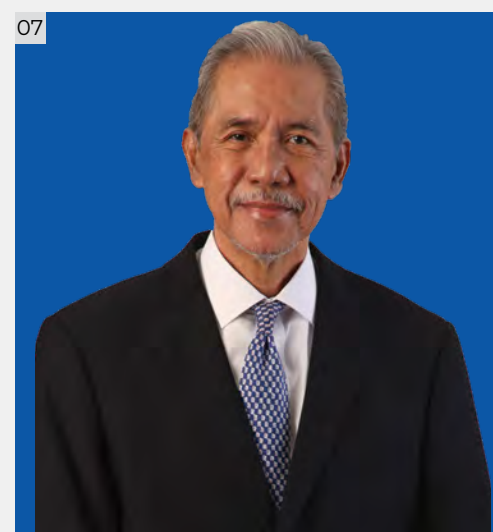
07

07 ROSANNA F. DE VERA

09

09 ARTHUR V. TY

BOARD OF DIRECTORS PROFILES



01 VICENTE R. CUNA JR.
Chairman

Filipino, 61 · Chairman Since April 2023 · Director since 2013

Director, Metropolitan Bank and Trust Company* · Senior Executive Vice President, Enterprise Services Sector, Metropolitan Bank and Trust Company*

Education: A.B. Economics, De La Salle University

02 ARTHUR V. TY
Vice Chairman

Filipino, 57 · Vice Chairman since 2001

Chairman, Metropolitan Bank and Trust Company*; Metropolitan Bank (China) Ltd.; GT Foundation Inc.; and Metrobank Foundation, Inc. · Director, Federal Land, Inc. and GT Capital Holdings Inc.* · Senior Adviser, First Metro Investment Corporation · Adviser, Philippine AXA Life Insurance Corporation

Education: BS Economics, University of California - Los Angeles · MBA, Columbia University

03 JOSE VICENTE L. ALDE
President/Director

Filipino, 57 · President since April 2018 · Director since 2016

Chairman, Sumisho Motor Finance Corporation · Trustee, Chamber of Thrift Banks · Director, Metropolitan Bank and Trust Company*

Education: Bachelor of Computer Science, Cum Laude, University of the Philippines, Diliman · Master in Business Management, Asian Institute of Management

04 MA. SOLEDAD D.S. DE LEON
Director

Filipino, 65 · Director since April 2016

Chairman of the Board/ Treasurer, Casa Medica, Inc. and Sodel Milling Corp. · Chairman of the Board, Yaman Lahi – Foundation, Inc. (Emilio Aguinaldo College); University Physician Services Inc.; Property Holdings, Inc.; The Pearl Manila - Pearl of the Orient & Seas Hotel & Recreational Resort Inc. and St. Patrick College · Chairman of the Board/President, Fil – Homes Realty Development Corp. · Vice Chairman, Hospital Management Services, Inc. (Medical Center Manila) and Candelaria Rural Bank · President/Treasurer, Sodel Realty Inc. · President, Lipa Golden Land Development, Inc.

Education: BS in Business Administration Major in Business Management, St. Paul College of Manila · International Management Studies, University of California-Los Angeles, USA

05 EDUARDO A. SAHAGUN
Independent Director

Filipino, 66 · Independent Director since April 2017

Chairman, Edcommerce Corporation · Director, Union Galvasteel Corporation; Phinma Property Holdings Corporation, T-O Insurance Brokers, Inc., Phinma Corporation, Song Lam Cement Joint Stock Company, Cagayan De Oro College, Inc., First Batangas Hotel Corporation · Board of Trustees, Phinma Foundation, Inc. · President & CEO, Phinma Solar Energy Corporation; Union Galvasteel Corporation and Philcement Corporation

Education: BS Commerce, Major in Accounting, Holy Angel University · Masters in Business Administration, Ateneo Graduate School of Business · Masters in Management Science, Arthur D. Little Management Education Institute (now Hult International Business School), Boston, USA · Senior Management Program, Senior Leadership Program, Managing Change Program, IMD, Switzerland

06 ROSANNA F. DE VERA
Director

Filipino, 55 · Director since April 2018

First Vice President and Head of Commercial Credit (Metro Manila and Countryside), Metropolitan Bank and Trust Company*

Education: BS Commerce Major in Accounting, University of Sto. Tomas · MBA, Ateneo Graduate School of Business

09 RONALD LUIS S. GOSECO
Independent Director

Filipino, 68 · Independent Director since September 2023

Chairman, Guagua National Colleges · Director, Automated Fare Payment Inc. · President, South Luzon Thermal Energy, Inc. and ETM Philippines Holdings, Inc. · Trustee, FINEX Research and Development Foundation, Inc. · Treasurer, FINEX Academy

Education: Bachelor of Science, Philippine Military Academy · MBA, Major in International Finance, University of Southern California · Fellow in Finance, Netherlands Institute of Management - Maastricht

07 FRANCISCO S. MAGSAÑO JR.
Independent Director

Filipino, 75 · Independent Director since April 2021

Director, Philippine Veterans Bank, Intervest Projects, Inc. and Intervest Insurance Agency, Inc.

Education: BS Economics, Lyceum of the Philippines

08 RUFINO LUIS T. MANOTOK
Independent Director

Filipino, 73 · Independent Director since April 2023

Chairman, Manarsa Holdings Corporation · Independent Director, Manila Medical Services, Inc. and Cebu Landmasters, Inc. · Director, Manotok Bros., Inc.

Education: AB Economics, Ateneo de Manila University · Master of Business Management, Asian Institute of Management · Advanced Management Program, Harvard Business School

PERFECTO RAMON Z. DIMAYUGA JR.
Corporate Secretary

*No Photo. Retired effective December 31, 2023

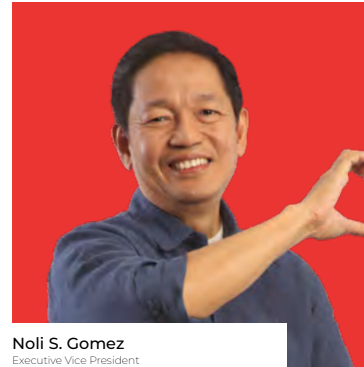
Filipino, 62 · Corporate Secretary since January 2022

Treasurer at Philippine Savings Bank*

Education: AB Economics, Ateneo de Manila University · MBA, University of the Philippines

*Publicly Listed Companies

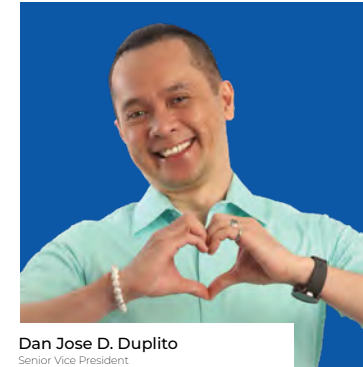
SENIOR OFFICERS



Noli S. Gomez
Executive Vice President



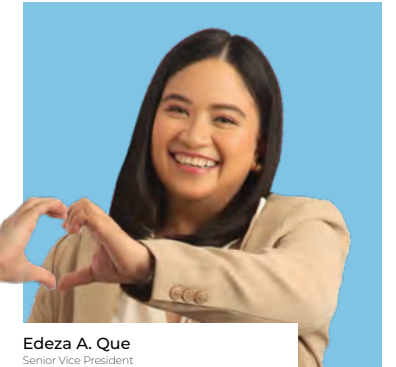
Jose Jesus B. Custodio
Senior Vice President



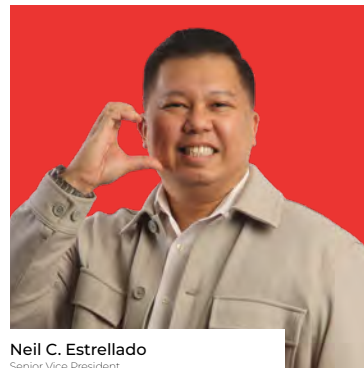
Dan Jose D. Duplito
Senior Vice President



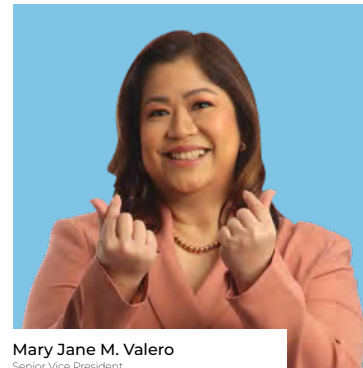
Francis C. Llanera
Senior Vice President



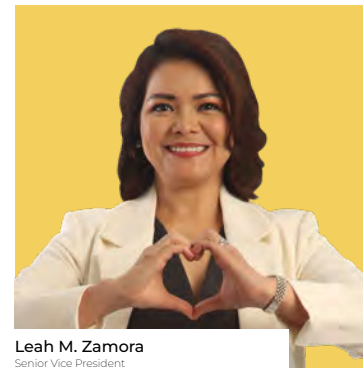
Edeza A. Que
Senior Vice President



Neil C. Estrellado
Senior Vice President



Mary Jane M. Valero
Senior Vice President



Leah M. Zamora
Senior Vice President



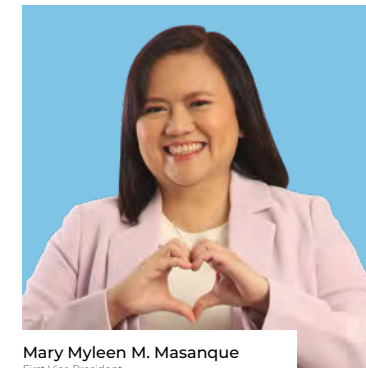
Leo Antonio V. Abe
First Vice President



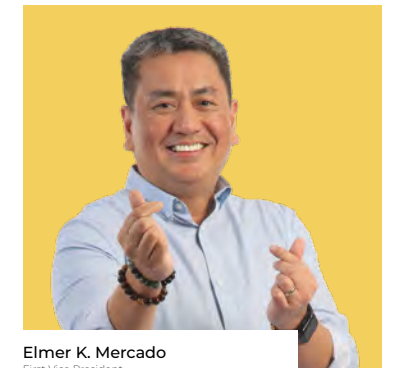
Angelo L. Calingo
First Vice President



Adler D. Ferrer
First Vice President



Mary Myleen M. Masanque
First Vice President



Elmer K. Mercado
First Vice President



Gilbert L. Nunag
First Vice President



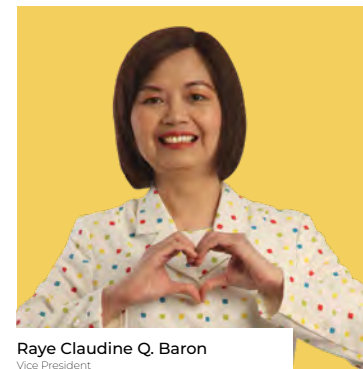
Noreen D. Peñaredondo
Vice President



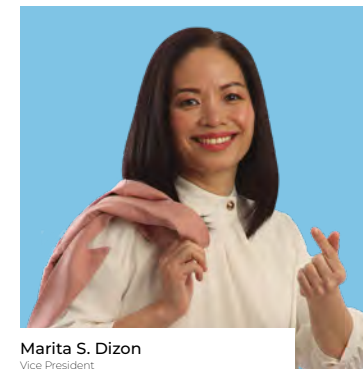
Andre Manuel L. Abellanos
Vice President



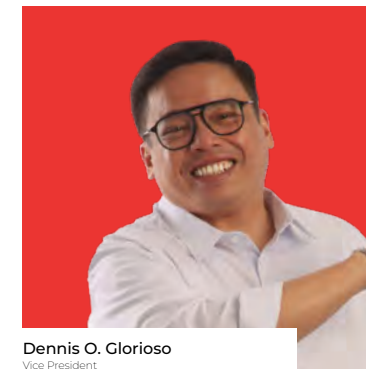
Noel C. Ang
Vice President



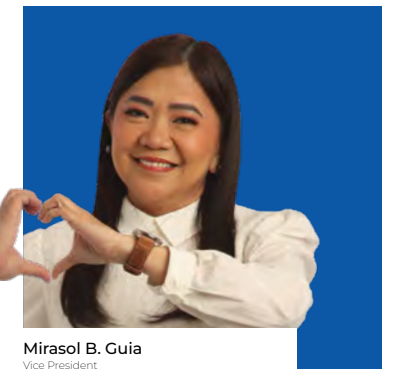
Raye Claudine Q. Baron
Vice President



Marita S. Dizon
Vice President



Dennis O. Glorioso
Vice President



Mirasol B. Guia
Vice President



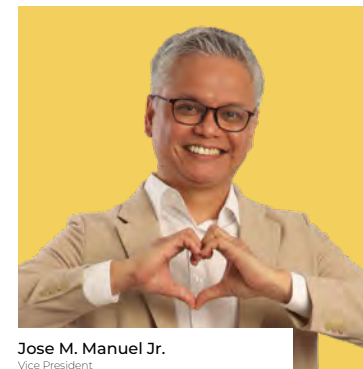
Antonell S. Interino
Vice President



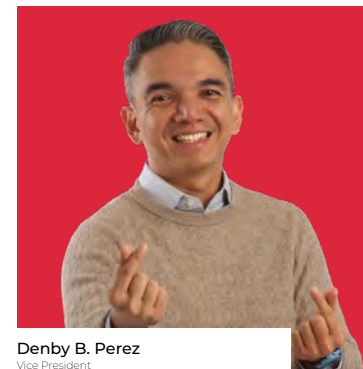
Reuel R. Javier
Vice President



Sherwin U. Lee
Vice President



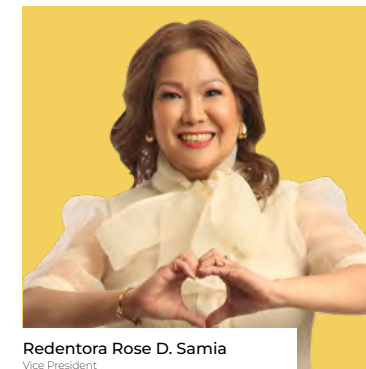
Jose M. Manuel Jr.
Vice President



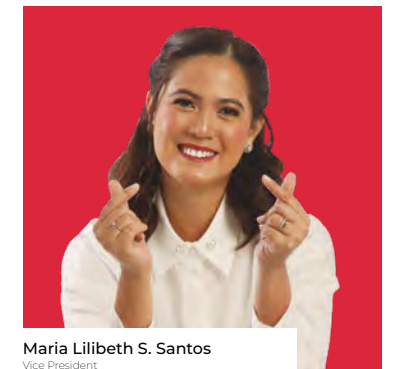
Denby B. Perez
Vice President



Abraham R. Quirimit
Vice President



Redentora Rose D. Samia
Vice President



Maria Lilibeth S. Santos
Vice President

SENIOR OFFICERS PROFILES



01 NOLI S. GOMEZ
Executive Vice President

Filipino, 58 · Joined October 2001 · Operations Group Head · Member, Assets and Liabilities, Policy, Personnel, IT Steering, Anti-Money Laundering Compliance, Outsourcing Oversight, Emergency, and Retirement Committees

Director, Sumisho Motor Finance Corporation · Former Chief Risk Officer and Head of the Systems and Methods, DBS Bank Philippines · System Management Officer, Bank of the Philippine Islands

Education: BS Civil Engineering, Mapua Institute of Technology

02 JOSE JESUS B. CUSTODIO
Senior Vice President

Filipino, 63 · Joined December 2001 · Indirect Sales Channel Group Head

Former Trustee, Philippine Finance Association · Former Head of Auto Loans-Retail Sales, Citytrust Banking Corp. · Former Head of Fleet and Floor Stock Department, BPI Family Savings Bank

Education: BS Business Management, Ateneo de Manila University

03 DAN JOSE D. DUPLITO
Senior Vice President

Filipino, 49 · Joined March 2005
Chief Information Security Officer, Information Security Division · Member, Personnel Committee

2013 ASEAN CISO of the Year Awardee · Former Consultant for Information Security, Web Development and Linux System Administration · Co-founder of BSP-recognized Information Security Officers Group (ISOG) · Co-Organizer of ROOTCON Hacking Conference (ROOTCON.ORG)

Education: BS Mechanical Engineering, University of the Philippines

04 NEIL C. ESTRELLADO
Senior Vice President

Filipino, 52 · Joined March 2002 · Information Technology Group Head · Member, Outsourcing Oversight, IT Steering, Personnel, and Emergency Committees

Former Project Leader, Overseas Chinese Banking Corp. Ltd. · Former Lead IT Analyst, Development Bank of Singapore · Former Project Manager, DBS Philippines · Former Systems Analyst, Bank of the Philippine Islands

Education: BS Mathematics, Ateneo de Manila University

PERFECTO RAMON Z. DIMAYUGA JR.
Senior Vice President

*No Photo. Retired effective December 31, 2023

Filipino, 62 · Joined January 2006 · Treasurer · Former CFO and Head of Finance Group · Member, Assets and Liabilities, IT Steering, and Personnel Committees · Chairperson, Investment Committee · Corporate Secretary, PSBank

Held various Treasury positions in the Development Bank of Singapore Phils., Inc.; Bank of the Philippine Islands; Mindanao Development Bank; Citytrust Banking Corp.; and Rizal Commercial Banking Corp. · Former Corporate Secretary, Sumisho Motor Finance Corporation

Education: AB Economics, Ateneo de Manila University · MBA, University of the Philippines

05 FRANCIS C. LLANERA
Senior Vice President

Filipino, 52 · Joined December 2007 · Branch Banking Group Head · Member, Assets and Liabilities, Emergency, and Anti-Money Laundering Compliance Committees

Former Credit Card Collections Head, Union Bank of the Philippines · Formerly with American International Group's Credit Risk Management

Education: BS Commerce, University of Santo Tomas · MBA, Ateneo Graduate School of Business

06 EDEZA A. QUE
Senior Vice President

Filipino, 51 · Joined October 2005 · Chief Risk and Sustainability Officer, Risk Management Office · Member, Assets and Liabilities, Anti-Money Laundering Compliance, Investment, Outsourcing Oversight, Personnel, and Related Party Transactions Committees

Director, Bankers Institute of the Philippines, Inc. · Former Credit Risk Manager for Consumer Banking, Standard Chartered Bank · Former Risk Management Officer, American International Group Credit Card Co.

Education: BS Statistics with Honors and MS Statistics, University of the Philippines

EMMANUEL A. TUAZON
Senior Vice President

*No Photo. Retired effective December 31, 2023

Filipino, 60 · Joined July 2014 · Marketing Group Head · Member, Assets and Liabilities, and Personnel Committees · Spokesperson, Emergency Committee

Former Director, Philippine Association of National Advertisers Foundation Inc. and Bank Marketing Association of the Philippines · Former Senior Vice President and Chief Marketing Officer, Philippine National Bank · Former Vice President for Marketing, ABN AMRO Bank · Former Vice President for Marketing and Sales, Jardine Pacific Finance

Education: BS Mathematics, University of the Philippines

07 MARY JANE M. VALERO
Senior Vice President

Filipino, 54 · Joined August 2002 · Customer Experience and Human Resources Group Head · Chairperson, Occupational Safety and Health Committee · Secretary, Personnel Committee · Member, Outsourcing Oversight and Retirement Committees

Assoc. Professor, University of Santo Tomas Graduate School · Former Front Office Manager, Mandarin Oriental Hotel Manila · Former Duty Manager, Westin Philippine Plaza

Education: BS Psychology and BA Guidance and Counseling, St. Scholastica's College · MA in Industrial Psychology graduated Cum Laude, University of Santo Tomas · PhD in Clinical Psychology graduated Magna Cum Laude, University of Santo Tomas

Registered Psychologist

08 LEAH M. ZAMORA
Senior Vice President

Corporate Secretary Effective January 1, 2024

Filipino, 50 · Joined April 2010 · Controller and Finance Group Head · Member, Assets and Liabilities, IT Steering, Retirement, Outsourcing Oversight, and Related Party Transactions Committees

Former Vice President for Financial Planning and Analysis, GE Money Bank Philippines

Education: BS Accountancy, De La Salle University

Certified Public Accountant

SENIOR OFFICERS PROFILES



01 LEO ANTONIO V. ABE
First Vice President

Filipino, 41 · Joined November 2017
Credit Risk Manager, Credit Risk Management Unit

Asia Pacific Region Retail Risk Manager, Hongkong Shanghai Banking Corporation (HSBC) Limited · Former Senior Risk Analyst, Standard Chartered Bank (Singapore) · Former Application Consultant to SCB, Optimum Solutions (Singapore)

Education: BS Mathematics and Masters of Science in Applied Mathematics, University of the Philippines

02 ANGELO L. CALINGO
First Vice President

Filipino, 43 · Joined October 2016 · Enterprise Lending Group Head · Member, Assets and Liabilities; and Investment Committees

Former Vice President of Commercial Banking, Citibank NA · Former Assistant Vice President, BDO Leasing and Finance, Inc. · Former Senior Manager, Bank of the Philippine Islands

Education: BSC Major in Management, De La Salle University · MBA, Asian Institute of Management.

03 ADLER D. FERRER
First Vice President

Filipino, 50 · Joined December 2006 · Indirect Auto Loans Channel Division Head

Former Credit Services Head and Former Account Officer-Housing Loans and SME Loans, BPI Family Savings Bank, Inc.

Education: BS in Agriculture, graduated Cum Laude, Ateneo de Cagayan (Xavier University)

04 MARY MYLEEN M. MASANQUE
First Vice President

Filipino, 48 · Joined November 2011 · Credit and Collections Group Head · Member, Executive, Credit, and Emergency Committees

Former Assistant Vice President and Head of Recovery Unit, BDO Unibank, Inc. · Former Manager, AIG Credit Cards

Education: AB Communication Arts, Miriam College

05 ELMER K. MERCADO
First Vice President

Filipino, 50 · Joined September 2023 · Deputy Treasurer

Former Asset-Liability Management Division Head, Metropolitan Bank and Trust Company · Former Treasury Head, Metrobank Card Corporation · Former Account Officer, Philippine Veterans Bank · Former Trust Investment Management Officer, Keppel Bank Philippines Inc. · Former Dealer, Keppel Securities Philippines, Inc.

Education: BS Business Administration, Philippine School of Business Administration · Management Economics, Ateneo De Manila University

Certified Treasury Professional, Ateneo-BAP Institute of Banking · One-Year Course on Trust Operations and Investment Management, Trust Institute Foundation of the Philippines

06 GILBERT L. NUNAG
First Vice President

Filipino, 50 · Joined February 2008 · Chief Compliance & Data Protection Officer, Compliance Office · Former Operational Risk Management Unit Head of Risk Management Office · Chairman, Anti-Money Laundering Compliance Committee · Member, Outsourcing Oversight and Related Party Transactions Management Committees

Former Assistant Vice President and Compliance Officer, UCPB Savings Bank · Former Assistant Vice President and Compliance and Risk Management Division Head and Senior Manager and Controllership Head, UCPB Rural Bank (subsequently merged as UCPB Savings Bank) · Former Audit Team In-Charge, SyCip, Gorres, Velayo & Co. (SGV & Co.) Cagayan de Oro Branch

Education: BS Accountancy, graduated Cum Laude, Ateneo de Cagayan (Xavier University)

Certified Public Accountant

07 NOREEN D. PEÑAREDONDO
First Vice President

Filipino, 44 · Joined October 2015 · Decision Management and Analytics Division Head

Former Region Head for Data Science, Tiixa · Former Business Head for Web and Mobile Solutions, Stratpoint Technologies

Education: BS Statistics, University of Philippines

08 ANDRE MANUEL L. ABELLANOSA
Vice President

Filipino, 59 · Joined February 2003 · Asset and Liability Management Division Head, Treasury Group · Former Head of Treasury Sales and Marketing Division, Treasury Group · Member, Investment Committee

Former Manager of Securities Distribution Group, BPI Capital Corp. · Former Chief Dealer, DBS Forex Corp.

Education: BS Management, Colegio de San Juan de Letran

Certified Treasury Professional, Ateneo-BAP Institute of Banking · Registered Fixed Income Market Salesman, Securities and Exchange Commission

09 NOEL C. ANG
Vice President

Filipino, 46 · Joined April 2013 · Chief Accounting Officer, Financial Accounting Services Division

Former Financial Information Division Head, Philippine Veterans Bank · Former Tax Accounting Unit Head, Ford Group Philippines · Former Subsidiaries Financial Accounting Unit Head, United Coconut Planters Bank · Former Tax Auditor, Diaz Murillo Dalupan & Company, CPAs

Education: BS Accountancy, Centro Escolar University - Manila · Bachelor of Laws, Arellano University School of Law

Certified Public Accountant and Lawyer

10 RAYE CLAUDINE Q. BARON
Vice President

Filipino, 54 · Joined August 2009 · Support Services Group Head · Member, Policy, Outsourcing Oversight, and Emergency Committees

Former Senior Assistant Vice President for Project Management and Operations Control Department, AIG Philam Savings Bank, Inc.

Education: BS Business Management, Ateneo de Manila University · MBA, University of the Philippines

SENIOR OFFICERS PROFILES



01 MARITA S. DIZON
Vice President

Filipino, 47 · Joined January 2007 · Credit Scoring Officer, Risk Management Office

Former Accounts Manager, Interphil Laboratories, Inc. · Former Senior Research Executive, TNS Philippines

Education: BS Statistics, UP Diliman

02 DENNIS O. GLORIOSO
Vice President

Filipino, 46 · Joined June 2008 · Collections and Remedial Management Division Head

Former Asset Manager, Capmark Philippines Ltd. · Former Credit and Collections Supervisor, Avida Land Corporation

Education: BS in Applied Economics, BS in Commerce Major in Business Management, and MBA, De La Salle University

03 MIRASOL B. GUIA
Vice President

Filipino, 53 · Joined October 2010 · Digital Technology Services Division Head

Former Assistant Vice President in Systems Development and Support and Former Manager in Systems Maintenance and Development, Digital Telecommunication Phils., Inc.

Education: BS Computer Science, Pamantasan ng Lungsod ng Maynila · Master of Technology Management, University of the Philippines

04 ANTONELL S. INTERINO
Vice President

Filipino, 51 · Joined August 2010 · Head of Financial Planning Division under the Finance Group

Former Senior Financial Planning Analyst, GE Money Bank Philippines

Education: BS Accountancy, De La Salle University

Certified Public Accountant

05 REUEL R. JAVIER
Vice President

Filipino, 52 · Joined December 2007 · Trust Division Head · Former Investments Head of Treasury Group · Member, Trust, Assets and Liabilities, and Retirement Committees

Held various Trust and Investment Management positions in the Bank of the Philippine Islands and BPI Capital Corporation

Education: AB Economics, De La Salle University

Certified Treasury Professional, Ateneo-Bankers Association of the Philippines · Registered Fixed Income Market Salesman, Services and Exchange Commission. TOAP UITF Certified Sales Person

06 SHERWIN U. LEE
Vice President

Filipino, 51 · Joined September 2008 · Chief Audit Executive and Internal Audit Group Head · Secretary, Audit Committee · Resource person, Related Party Transactions and IT Steering Committees · Former Fraud Management Group Head · Former Division Head of Investigation and Recovery; and Former Division of Head Office, Branches and Special Investigation

Education: BS Accountancy, University of the East

Certified Public Accountant (CPA)

07 JOSE M. MANUEL JR.
Vice President

Filipino, 53 · Joined November 2005 · Legal Services Division Head

Former Lawyer for Citibank Savings Bank (Formerly Insular Savings Bank) · Former Chief Corporate Attorney, National Housing Authority · Former Associate Lawyer, Anuenuevo Law Offices

Education: AB Major in Economics, University of Santo Tomas · Bachelor of Laws, St. Louis University - Baguio

08 DENBY B. PEREZ
Vice President

Filipino, 43 · Joined September 2011 · Head, Business Intelligence Division under Finance Group

Former IT Project Manager, Digital Mobile Philippines Inc. (Sun Cellular) · Former Corporate Services Officer, Philam Properties Corporation

Education: BS in Commerce - Business Management, De La Salle University

09 ABRAHAM R. QUIRIMIT
Vice President

Filipino, 45 · Joined July 2009 · Cyber Security Incident Response Manager, Cyber Security Incident Response Department

Former Programmer, J-SYS Philippines · Former Research & Development Engineer, Advanced World Solution, Inc.

Education: BS Mathematics Major in Actuarial Science, University of Santo Tomas

GIAC Security Leadership Certification (GSLC)

Certified Information Security Manager (CISM)

10 REDENTORA ROSE D. SAMIA
Vice President

Filipino, 61 · Joined October 2004 · Loans Operations Division Head

Former Branch Head, BDO Unibank Inc. · Former Operations/ Marketing Officer, United Coconut Planters Bank

Education: BS Psychology, University of Santo Tomas · BS Business Administration Accounting, Holy Angel University

11 MARIA LILIBETH S. SANTOS
Vice President

Filipino, 39 · Joined August 2005 · Systems Operation and Infrastructure Division Head

Education: BS in Computer Science and Information Technology, Asia Pacific College

EMBRACING SUSTAINABILITY

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

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

SCOPE OF THE REPORT

Our 2023 Sustainability Report contains quantitative and qualitative information for the period January 1 to December 31, 2023 for topics with material impact to the Bank's business, stakeholder and environment. The Report is prepared in line with common sustainability reporting frameworks and disclosure requirements of the Philippine Stock Exchange (PSE), the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas and select sustainability reporting frameworks.

In compliance with BSP Circular 1085, our Board of Directors approved a Transition Plan in October 2020, marking a pivotal step towards integrating sustainability into our corporate principles. This comprehensive plan delineated the roadmap for adopting a Sustainable Finance Framework, with emphasis on incorporation of environmental and social (E&S) risk considerations into our governance and risk management frameworks. The sustainability principles and roles were embedded in our Corporate Governance Committee, Audit Committee, and Risk Oversight Committee Charters in December 2020 to align our strategic objectives with sustainability imperatives.

The appointment of the Chief Risk and Sustainability Officer in March 2021 reinforced our dedication in navigating PSBank's sustainable finance journey. Together with the Senior Management, the sustainability principles are integrated into our day-to-day business operations and strategic objectives. Subsequently, in September 2021, the Board approved the Bank's Sustainable Finance Framework which delineated our guiding principles on environmental sustainability, social sustainability, and good governance. These principles support the Philippines Development Plan, and UN Sustainable Development Goals by (1) increasing our capabilities and adhering to local and international standards on limiting adverse effects on E&S and thus transition to a low-carbon economy; and (2) funding loans and projects that support economic growth and provide lasting benefit for both clients and society while reducing pressures on the environment. These serve as a basis in defining the Bank's targets and metrics for sustainable operations and financing. In July 2022, the Board approved the framework's supplement, the Environmental and Social Risk Management (ESRM) Policy Manual. It provides the guidelines in addressing environmental and social risks in our operations and credit business.

The ESRM system adopts a five-point cycle that includes Risk Identification and Assessment, Risk Measurement, Risk Mitigation and Control, Monitoring and Reporting of E&S risks. These points enable robust policies, processes and controls to meet our low appetite for E&S risks, and strengthen our capability to withstand disruptions, quickly resume operations and continue to provide financial services to its clients.

We introduced assessments of physical risks involving the Bank's assets, loans with collateral, and third-party service providers. In 2023, these were refined to consider climate hazards' severity and frequency, enabling us to mitigate and further reduce residual risk exposure. We developed tools that allow us to measure and manage our E&S risk and physical risk exposures based on industry-acceptable parameters. Further, our Internal Capital Adequacy Assessment Process (ICAAP) exercise was expanded to include assessment of our resilience against transition risk arising from aggressive government push on environmental, social and governance initiatives and geopolitical crisis. The results are reported regularly to the Bank's Risk Oversight Committee.

As of May 2023, the Bank successfully served and delivered on its Board-approved Transition Plan to comply with the BSP Circular 1085 on Sustainable Finance Framework.

SUSTAINABILITY CAPACITY BUILDING

To ensure organizational-wide acceptance and understanding of our transition plan and frameworks, we initiated sustainable finance trainings and awareness campaigns in February 2022. These were expanded in 2023 to provide comprehensive insights into each employee's role in achieving our sustainable finance goals. Among these efforts were the Thought Leadership Series and Corporate Governance trainings conducted by GT Capital that provided our senior management and Directors with invaluable insights into sustainability strategies.

Moreover, our collaboration with key suppliers for Sustainability Knowledge Sharing Forums, in coordination with Meralco's Sustainability team, exemplified our commitment to engage stakeholders across the spectrum. This forum facilitated in-depth discussions on value creation, strategic target setting, and plausible sustainability initiatives, paving the way for actionable solutions aligned with our sustainability aspirations.

In tandem with these efforts, select risk officers underwent formal courses and certification trainings to enhance their capacity and understanding of E&S-related risks. Participation in courses such as the GARP Sustainability and Climate Risk certificate, Applied Sustainability Management in Asia Pacific, ISO training on Quantification and Verification of Carbon Footprint (ISO 14064-1:2018 / 2019), Quantifying the Carbon Footprint of Products (ISO 14067:2018), GRI Professional Certification Program and various BSP-conducted trainings equipped our team with the requisite knowledge to navigate the evolving sustainable finance landscape effectively.

Gaining exposure in sustainable practices, we aspire to go beyond compliance and continue to implement meaningful and impactful initiatives for carbon footprint reduction. We recognize that these can be achieved in three fronts: adoption of circularity in operations, use of renewable energy and management of materials.

ADOPTION OF CIRCULARITY

We retire our assets (i.e. furniture, fixtures and equipment) after long period of use, wear and tear, and obsolescence. We recognize that this provides an opportunity for circularity. In early 2023, we introduced a screening process prior asset disposal to determine if such assets could have extended life and purpose through refurbishment, repair, recycling, upcycling, or upgrade. This resulted to a total of 68 office furniture and equipment with weight of 1,878kg to become useful again and available for bank users. This reduced the Bank's non-hazardous waste and caused a P1.5 million savings from unpursued new asset purchases.

We engaged our employees in circularity by launching the Donate-a-Recyclable Campaign during our 63rd Anniversary. This was participated by seven (7) Head Office groups and generated 90.79kg of recyclables consisting of aluminum, E-waste (cellphones etc.) paper, and PET bottles.

USE OF RENEWABLE ENERGY

In alignment with the Philippine Energy Plan, we successfully converted 100% of our Head Office energy consumption to renewable sources as of March 2023. We continued this effort for a single Branch in Los Banos in September 2023, causing 40% of the Branch's energy requirement to come from solar power. This reduced the Branch's energy cost by P17,000.00 each month. These savings are expected to increase once the net metering system is implemented.

MANAGEMENT OF MATERIALS

As a service institution, we use mostly paper in our operations. With technology, we continue to convert our paper-based correspondences to digital formats. This initiative which started in the conversion of collection letters in 2022 spurred

different digitization projects in 2023 that not only address our paper usage, but also the physical delivery trips. One of these projects is the Green PIN launched on February 8, 2023. This enabled our clients to activate their PSBank ATM cards and change PIN online through the PSBank corporate website, mobile and online banking channels without the physical paper-based pin mailers. In September 2023, the conversion of paper-based SOA to electronic SOA began in phases, starting with current accounts that utilize more paper for printed check images. The projects caused reduction in paper usage at 110 reams for e-SOA conversion and 2,451 Green PIN cards without PIN mailer, which also led to a reduction of 14,940 trips from the removal of physical statement deliveries for e-SOA and 2,451 Green PIN cards without PIN mailer.

STAKEHOLDERS AND ESG MATERIALITY

We follow an internal process review to define bank issues that are significant to environmental, social, governance and economic priorities and their impacts to both our business and our stakeholders.

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

 <p>ECONOMIC</p> <ul style="list-style-type: none"> Market presence Financial performance Geographical positioning and management Innovation and digitalization Brand positioning and management Customer experience 	 <p>SOCIAL</p> <ul style="list-style-type: none"> Non-discrimination Customer health and safety Workplace health and safety Labor relations Diversity and equal opportunity Talent acquisition and retention
 <p>ENVIRONMENT</p> <ul style="list-style-type: none"> Compliance with environmental laws and regulations of the national government and local government units 	 <p>GOVERNANCE</p> <ul style="list-style-type: none"> Anti-fraud and anti-bribery Data management and security practices Financial and operational risk management Anti-corruption/whistleblower protection Human rights protection Customer privacy Ethics and integrity Regulations and compliance management

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

OUR SUSTAINABILITY PERFORMANCE SINCE 2021

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

HIGHLIGHTS	PERFORMANCE UP TO 2022	PERFORMANCE IN 2023
Sustainability Principles	<ul style="list-style-type: none"> Board-approved transition plan and ESRMS action items Sustainability principles embedded in Corporate Governance and Risk Management Committee Charters Board-approved Sustainable Finance Framework (SFF) and Environmental and Social Risk Policy Manual Appointed Chief Risk and Sustainability Officer SFF Training and awareness campaigns with ESRM Integrated ESRM in policies, processes, manuals, and forms 	<ul style="list-style-type: none"> Board-approved Sustainability Reporting Policy Manual Improved SFF Training and awareness, highlighting the roles and responsibilities of each employee and business unit Expanded loan review for E&S risks Refined Physical Risk Mapping to consider hazard incidents and severity Engaged Senior Management and the Board of Directors in GT Capital's Thought Leadership Series and Corporate Governance trainings on sustainability
ESG Materiality Matrix	<ul style="list-style-type: none"> 21 high material topics Formalized the Management Approach in the SR Updated Materiality Process and Management Approach 	<ul style="list-style-type: none"> 21 high material topics retained Streamlined the Materiality Process and Management Approach
ECONOMIC IMPACT		
Financial Inclusion and Literacy	<ul style="list-style-type: none"> Continued the Be Aware! Campaign, and released 290 materials (2021), 308 materials (2022) Nine (9) active communication platforms 3.52 million reached in 2021 and 2022 	<ul style="list-style-type: none"> Continued the Be Aware! Campaign, and released 322 materials Nine (9) active communication platforms 3.2 million reached in 2023
ENVIRONMENTAL IMPACT		
Operational Greenhouse Gas Emission	<ul style="list-style-type: none"> Scope 2 absolute emission computed using DOE published emission factor for purchased energy 	<ul style="list-style-type: none"> Scope 1 absolute emission calculated using EFRAG emission factors, while Scope 2 absolute emission using DOE published emission factor for purchased energy <p>Note: Please read our Sustainability Report for details.</p>
Energy Consumption	<ul style="list-style-type: none"> Furniture, Fixtures and Equipment: Introduced inverter appliances, converted to LED lights, and decommissioned old servers beginning in 2021. 34.38% Head Office lights converted to LED lights in 2022 Head office energy: Lower consumption due to skeletal workforce onsite and partly renewable energy in 2021, 100% renewable energy in 2022. Appointment and certification of Energy Manager in 2022 Outsourced third-party service provider for energy audit in 2022 	<ul style="list-style-type: none"> 66.65 % of Head Office lights converted to LED lights Energized 1st solar-powered branch Head office continues to be powered by green energy
Fuel Consumption	<ul style="list-style-type: none"> Continued decrease in fuel consumption 	<ul style="list-style-type: none"> Fuel consumption of generators in Head Office increased due to the isolated extended (2 weeks) use of 2 head office generators
Water Consumption	<ul style="list-style-type: none"> Continued decrease in water consumption in 2021 due to skeletal workforce on site. The opposite trend was observed in 2022. 	<ul style="list-style-type: none"> Increased water consumption due to isolated preventive maintenance of the chillers for the air-conditioning of the Head Office
Waste Disposal and Management	<ul style="list-style-type: none"> Documented guide on waste disposal Implemented waste segregation in Head Office in 2022 Continued decrease in waste Replaced plastic utensils and cups with biodegradable or plastic alternates in its Head office canteen in 2022 	<ul style="list-style-type: none"> 1st step in circularity through the redeployment of furniture, fixtures, and equipment after successful refurbishment and repair Introduced recycling through the Donate-A-Recyclable campaign during the Bank's 63rd Anniversary
Operations	<ul style="list-style-type: none"> Hybrid work arrangement continued Issued corporate tablets and laptops for business continuity during the pandemic beginning in 2020 Various process enhancements and automation Continued adoption of DevOps methodologies for systems and projects for improved collaboration, performance, and delivery Decreased paper consumption. Saved 328 reams of 8x13 paper and 450 reams of account opening forms in 2022 	<ul style="list-style-type: none"> Continued agile, lean work arrangement and DevOps methodologies Converted paper-based statements of account for current accounts to electronic SOA, resulting to a reduction by 110 reams of 8x13 paper or savings of Php2.3Mn Implemented phase 1 of Green Pin to replace paper-based pin mailers for Flexi loans and Online On-Boarding clients Reduced motorized delivery for more than 69,000 current accounts due to eSOA conversion and 2,451 delivery trips due to Green Pin implementation

HIGHLIGHTS	PERFORMANCE UP TO 2022	PERFORMANCE IN 2023
SOCIAL IMPACT		
Workplace Diversity	<p>As of December 2022: Employee population: 2,766</p> <ul style="list-style-type: none"> 64% female, 36% male 70.79% age 30 to 50 y.o. 21.69%: <30 y.o. 7.52 %: >50 y.o. <p>Board of Directors mix: 2 female, 7 male</p>	<p>As of December 2023: Employee population: 2,834</p> <ul style="list-style-type: none"> 63% female, 37% male 69.00% age 30 to 50 y.o. 23.00%: <30 y.o. 8.00 %: >50 y.o. <p>Board of Directors mix: 2 female, 7 male</p>
Workplace Safety and Labor Practices	<ul style="list-style-type: none"> Increased employee wellness programs with #Weekday-Wellness Yoga and Zumba Sessions for Head Office and Branches, PSBank basketball Elite team Constantly issued health, safety, and mental wellness advisories Continued bank-wide trainings on Occupational Health and Safety (OHS), including 4 Mental Health Webinars Delegation and Certification of Additional Health and Safety Officers Launched Mobile Annual Physical Examination (APE) Relaunched Blood Donation drive in partnership with Manila Doctors Hospital Reinforced the Bank's Emergency Response team through the Appointment of a new Chief Emergency Brigade Officer (CEBO) and Assistant Chief Emergency Brigade Officer (ACEBO) TRIR is 22.86% in 2021 and 20.16% in 2022 	<ul style="list-style-type: none"> Improved employee wellness programs based on data from the Annual Physical Exam (APE) results; Continued programs for overall wellness and wellbeing Reinforced the Bank's pool of 160 newly-certified First Aiders and 51 newly-certified Safety Officers. Introduced a spiritual break program to promote spiritual well-being. TRIR increased to 35.07% due to better monitoring and reporting process implemented in the PSBank Clinic <p>TRIR is the Total Recordable Incident Rate.</p>
Employee Training and Development	<ul style="list-style-type: none"> Better trainings (i.e. increased frequency of existing courses and ladderized training programs, new training courses for specific jobs, added virtual methods) Reinforced comprehensive Succession training program Completed employee development programs for 57 employees in 2021, 163 employees in 2022. Conducted 655 trainings in 2021 and 587 in 2022. 	<ul style="list-style-type: none"> Introduced IT Officership Program (ITOP) for adequate and effective IT Development and Operations team, with 11 graduates Localized SPEED AX-L program, bringing the Bank's Branch Officership program to different provinces, with 60 graduates Conducted Branch Operations Upgrade Training (BOUT) in 2023. Completed employee development programs for 200 employees Increased trainings conducted to 1,053 due to the introduction of new training courses.
GOVERNANCE		
Data Security Framework	<ul style="list-style-type: none"> Enhanced Data Security Framework Internal policies and guidelines provide the minimum-security measures required Tightened cybersecurity risk measures for remote work setup Regular data security awareness campaigns and information security risk assessments Continued to strengthen data security tools and improved metrics. Continued Anti-Phishing campaigns and exercises, achieving a click rate below the industry average. 	<ul style="list-style-type: none"> Maintained the highest level of security controls, awareness and adherence to the Bank's security processes. Re-launched the security awareness training for third-party service providers Deployed system enhancements for the Bank's customer due diligence, fraud screening and waring processes. Continued data security awareness campaigns and information security risk assessments Continued Anti-Phishing campaigns and exercises, achieving a click rate below the industry average.
Data Privacy	<ul style="list-style-type: none"> Appointed Deputy Data Protection Officer in 2021 Data protection policies in place Regular data privacy trainings bankwide Maintained 0 data privacy breach 	<ul style="list-style-type: none"> Continued annual Data Privacy refresher training course for all Bank employees and relevant service providers with entailing online assessment exams Renewed the Bank's registration with the National Privacy Commission (NPC) as a Personal Information Controller (PIC) in its new National Privacy Commission Registration System (NPCRS) Re-registered the Bank's Data Processing Systems (DPS) in the NPC's new NPCRS Completed the Privacy Impact Assessments (PIAs) for all of the Bank's client-facing DPS No data privacy breach required to be reported to the NPC
ICAAP	<ul style="list-style-type: none"> Semi-annual ICAAP Exercise Expanded capital planning with environmental risks Expanded stress scenarios with The Big One: Major Earthquake in the West Valley Fault Line 	<ul style="list-style-type: none"> Expanded stress scenarios to include aggressive government push on environmental, social and governance initiatives and geopolitical crisis.
Business Ethics	<ul style="list-style-type: none"> Strong compliance with anti-money laundering laws Anti-money laundering policies in place Whistleblower protection policies in place Anti-corruption policies in place 	<ul style="list-style-type: none"> Performed annual review and updating of the Bank's Money Laundering and Terrorism Financing Prevention Program (MTPPP) Continued annual Anti-Money Laundering/Combating Terrorism Financing and Targeted Financial Sanctions refresher training courses for all bank employees with entailing online assessment exams Maintained strong compliance

SUSTAINABILITY DATA MAPPING PER SEC GUIDELINES

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

SEC STANDARD DISCLOSURE REQUIREMENT	PSBANK SUSTAINABILITY REPORT SECTION
Contextual Information	About PSBank; Board Statement; Introduction; Management Approach - Geographical Positioning and Management, Brand Positioning and Management; Scope
Materiality Process	ESG Materiality and Management Approach
ECONOMIC	
Economic Performance – Direct Economic Value Generated and Distributed	Economic Impact - Economic Performance
Climate-related risk and opportunities	Economic Impact: Financial Inclusion and Literacy Responsible Investment; Governance – Systemic Risk; Management Approach – Economic Aspect, Market Presence
Procurement Practices – Proportion of spending on local suppliers	Economic Impact - Procurement Practices
Anti-corruption – Training on Anti-Corruption Policies and Procedures, Incidents of corruption	Economic Impact - Anti-Corruption; Governance-Business Ethics; Grievance Mechanism for Whistleblowers; Management Approach – Anti-Fraud and Anti-Bribery; Anti-Corruption / Whistleblower protection
ENVIRONMENT	
Resource Management – Energy consumption within the organization	Environmental Impact - Electricity Consumption, Fuel Consumption; Our Sustainability Performance - Energy Consumption, Fuel Consumption
Resource Management – Reduction of energy consumption	Environmental Impact - Electricity Consumption, Fuel Consumption; Our Sustainability Performance - Energy Consumption, Fuel Consumption
Resource Management – Water consumption within the organization, Reduction of Consumption	Environmental Impact - Water Use; Our Sustainability Performance – Water Consumption
Resource Management – Materials used by the organization	Environmental Impact - Waste Management; Our Sustainability Performance – Waste Disposal and Management
Resource Management – Ecosystems and Biodiversity	Environmental Impact - Ecosystems and Biodiversity
Environmental Impact Management – Air Emissions - GHG	Environmental Impact - Operational Greenhouse Gas Emissions; Our Sustainability Performance - Operational Greenhouse Gas Emission
Environmental Impact Management – Air Pollutants	Environmental Impact - Operational Greenhouse Gas Emissions; Our Sustainability Performance - Operational Greenhouse Gas Emission
Solid and Hazardous Wastes - Solid Waste	Environmental Impact - Waste Management
Solid and Hazardous Wastes – Hazardous Wastes	Environmental Impact - Waste Management
Solid and Hazardous Wastes – Effluents	Environmental Impact - Waste Management; Water Use
Environment: Environmental Compliance - Non-compliance with Environmental Laws and Regulations	Environmental Impact - Environmental Compliance; Management Approach - Environmental Aspect - Environmental Compliance
SOCIAL	
Employee Management – Employee Hiring and Benefits – Employee data	Social Impact - Workforce Diversity; Management Approach - Social Aspect - Diversity and Equal Opportunity
Employee Management – Employee Benefits	Social Impact - Employee Benefits
Employee Management – Employee Training and Development	Social Impact - Employee Training and Development
Employee Management – Labor-Management Relations	Social Impact - Workplace Safety and Labor Practices
Employee Management – Diversity and Equal Opportunity	Social Impact - Workforce Diversity
Employee Management – Workplace Conditions, Labor Standards, and Human Rights – Occupational Health and Safety	Social Impact - Workplace Safety and Labor Practices
Employee Management – Workplace Conditions, Labor Standards, and Human Rights – Labor Laws and Human Rights	Social Impact - Workplace Safety and Labor Practices
Supply Chain Management	Economic Impact - Supply Chain Management; Governance - Stakeholder Management
Relationship with Community- Significant impacts on Local Communities	Economic - Responsible Investment - Credit Lending for Community and SMEs; Ecosystems and Biodiversity; Governance - Stakeholder Management
Customer Management – Customer Satisfaction	Governance - Stakeholder Management; Social Impact - Customer Management
Customer Management – Health and Safety	Governance - Stakeholder Management; Management Approach - Customer Health and Safety
Customer Management – Marketing and Labelling	Governance - Marketing and Labelling
Customer Management – Customer Privacy	Governance - Data Privacy and Information Security; Management Approach - Customer Privacy; Our Sustainability Performance - Data Privacy
Customer Management – Data Security	Governance - Data Privacy and Information Security; Our Sustainability Performance - Data Security
UN SUSTAINABLE DEVELOPMENT GOALS	
UN Sustainable Development Goals - Product of Service Contribution to UN SDGs	Economic Impact - Responsible Investment; Governance - Innovation and Technology; Environmental Impact - Ecosystems and Biodiversity, Electricity Consumption, Fuel Consumption, Water Use, Waste Management

CLIENT SPOTLIGHT: BTR FARMS GOING THE 'EGGSTRA' MILE FOR THE PLANET



Nestled at the heart of Sta. Cruz, Zambales, BTR Farms stands as a shining example of sustainable agriculture.

Propelled by the visionary leadership of former Land Transportation Franchising and Regulatory Board (LTFRB) Chairman Atty. Winston Ginez together with his wife, Maribeth, BTR Farms was established in 2011. The couple saw the potential for the poultry business in their province. Guided by the legacy of Winston's late father, retired Assistant Provincial Agriculturist Romeo Ginez, they converted their 4.5-hectare agricultural land into a farm.

BTR Farms had its modest beginnings as a contract grower, receiving day-old chicks from integrators and growing them until they were ready for delivery. It has since evolved into a trailblazing force, with strategic support from PSBank. In 2017, backed by an SME Term Loan from PSBank, BTR Farms expanded its operations and implemented tunnel ventilation systems. As a result, its bird capacity increased by an impressive 40% or 40,000 bird count. In 2021, BTR Farms converted its operation from broiler to breeder production. At present, it produces 5 million hatching eggs per laying cycle or roughly 18,500 eggs per day, solidifying BTR Farms' reputation as a trusted poultry breeder catering to some of the largest food production companies in the country.

BTR Farms' commitment to sustainability extends far beyond conventional practices. With PSBank's additional funding in mid-2023, the company embarked on a transformative journey by installing solar power systems to energize the farm. One of the three farm structures was successfully converted to solar power energy. This generated energy cost savings and operational efficiencies that boosted its production further. The farm by-product likewise increased, which BTR Farms put to use by sharing them with the community, providing valuable resources to locals to enhance their livelihoods. To manage its wastewater,

it plans to establish its own water treatment facility. These are testaments to the farm's standard for environmental stewardship and community engagement.

In alignment with the United Nations Sustainable Development Goals (SDG), BTR Farms has made contributions to the following key areas:

- SDG 1: No Poverty: By providing employment opportunities to local residents, BTR Farms contributes to poverty alleviation and economic empowerment within the community.
- SDG 2: Zero Hunger: Through its poultry breeding and egg production, BTR Farms plays a crucial role in ensuring food security and nutrition for both local and national populations.
- SDG 8: Decent Work and Economic Growth: BTR Farms promotes inclusive and sustainable economic growth by creating jobs, fostering gender equality in the workplace, and supporting local livelihoods. From 13 employees in 2017, its manpower now stands at 25, 20% of which are females.
- SDG 12: Responsible Consumption and Production: By adopting renewable energy, implementing waste management practices, and promoting sustainable agriculture, BTR Farms exemplifies responsible consumption and production patterns.
- SDG 13: Climate Action: BTR Farms' transition to solar energy and other sustainable practices contributes to climate mitigation efforts and builds resilience to climate change impacts.

PSBank remains steadfast in its support to BTR Farms and other businesses striving for sustainability, underscoring its commitment to driving positive change for the planet and building a more resilient and prosperous future for all. Together, BTR Farms and PSBank showcase the transformative power of partnership and innovation in creating a more sustainable world.



RISK MANAGEMENT

To consistently deliver value to our various stakeholders, we are always cognizant of the risks inherent in our business — from deposit taking, lending and securities investment, to trading, foreign exchange, and operational support. Risk Management is increasingly becoming more important in today’s business landscape characterized by disruptions and dynamism.

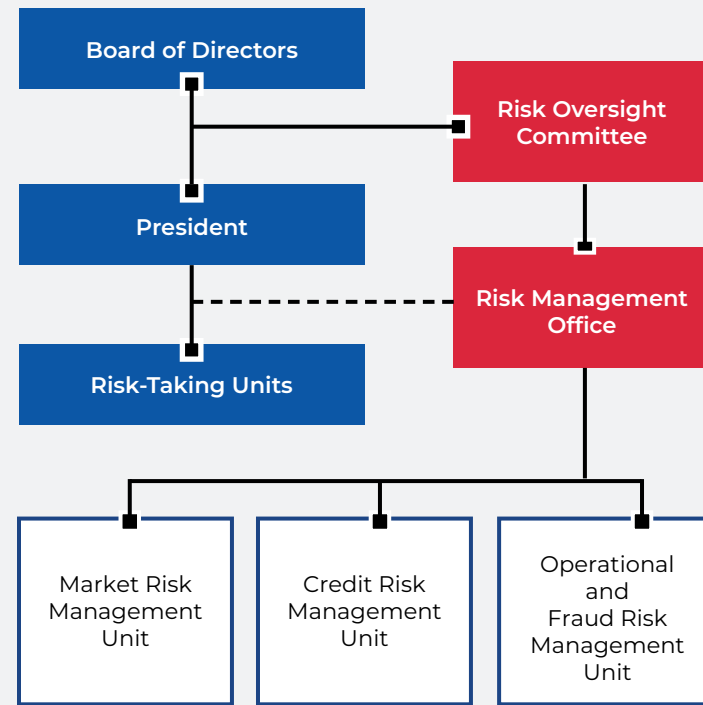
The key to effective risk management lies in the ability to identify and monitor such risks, and striking a good balance with organizational objectives and business opportunities.

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

that limits are observed and that immediate corrective actions are taken whenever needed.

The Risk Management Office (RMO), together with the President, various committees, and Senior Management, support the ROC in the fulfillment of its duties and responsibilities. The RMO is independent from executive functions, business line responsibilities, operations, and revenue-generating functions. It reports directly to the Board through the ROC. (See our Risk Organization below.)

RISK ORGANIZATION



RISK MANAGEMENT STRUCTURE

Our Board of Directors takes the lead on all major risk management initiatives. It approves broad strategies and policies, and ensures that these are consistent with our overall objectives. The Risk Oversight Committee (ROC) is composed of at least three members of the Board, the majority of whom are independent directors, including the Chairperson who does not chair the Board or any other committee. The ROC members possess expertise and knowledge of our risk exposures, which enable them to develop appropriate strategies for preventing or minimizing the impact of losses.

The Board may also appoint non-Directors to the ROC as part of the Metrobank Group’s risk oversight measures. However, only bank Directors shall be considered as voting members. Non-voting members are appointed in an advisory capacity. The ROC oversees our Enterprise Risk Management (ERM) framework, the consistency of current and emerging risk exposures with our strategic direction and overall risk appetite and the effectiveness of our risk management function in monitoring our risk-taking activities. It formulates policies and strategies to identify, measure, manage and limit risks. The ROC ensures that the system of limits approved by the Board remains effective. It also makes certain

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

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

TYPES OF RISKS

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

CREDIT RISK

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

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

The ROC reviews our business strategies and ensures that revenue-generating activities are conducted within our overall risk appetite and meet the Board-approved credit risk thresholds. We hold regular audits across our organization.

The Board — through the Excom, Crecom, and ROC ensures that all business segments follow sound credit policies and practices.

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

CREDIT CONCENTRATION RISK

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

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

MARKET RISK

This covers the areas of trading, interest rate, and liquidity risks. Trading market risk is the risk to earnings and capital arising from changes in the value of traded portfolios of financial instruments. Interest rate risk arises from movements in interest rates. The Assets and Liabilities Committee (ALCO), ROC, and the Board regularly review our market risk policies and implementing guidelines to ensure that these are up-to-date, in accordance with our low appetite for market risks, and in line with changes in the economy, environment, and regulations. The ROC and the Board set a comprehensive market risk limit structure and define the parameters of market activities that we can engage in. We utilize various measurement and monitoring tools to ensure that risk-taking activities are managed within instituted market risk parameters.

TRADING MARKET RISK

Our trading portfolios are currently composed of peso and dollar-denominated debt securities and Foreign Exchange (FX) positions that are marked-to-market daily. We use BSP-approved Type 3 Derivative License for plain vanilla FX forwards to manage our FX risk against adverse exchange rate movements.

We use Value-at-Risk (VaR), a statistical measure that calculates the maximum potential loss from a portfolio.

Our current VaR model is based on a historical simulation methodology with a one-day holding period and a 99% confidence level. We also perform backtesting to validate the VaR model, and stress testing to determine the impact of extreme market movements on our portfolios. We establish limits for trading portfolios and VAR, and comply with regulatory standards. We closely monitor our daily profit and loss against loss triggers and stop-loss limits. These ensure that our trading activities are in line with our low tolerance for market risk.

INTEREST RATE RISK

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

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

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

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

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

LIQUIDITY RISK

Liquidity risk is the inability to meet obligations when they fall due without incurring unacceptable losses. In managing our liquidity position, we ensure that we have more than adequate funds to meet maturing obligations. We use the Maximum Cumulative Outflow (MCO) model to measure liquidity risk arising from the mismatches of our assets and liabilities. We administer stress testing to assess our funding needs and strategies under various conditions. Stress testing enables us to gauge our capacity to withstand both temporary and long-term liquidity disruptions.

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

OPERATIONAL RISK

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

We have zero appetite for fraud and constantly improve our policies, processes, and tools to prevent these instances. We also have zero tolerance for non-compliance to our internal policies as well as applicable local regulations and laws. As part of ensuring an appropriate risk management environment, the operational risk framework is consistently implemented throughout the organization. The Bank recognizes the principle of having three levels of defense in mitigating operational risk exposures. The first level involves all personnel, the second are the risk and compliance teams, and lastly, the internal audit team. Our Board-approved, bank-wide organizational chart clearly establishes areas of management responsibility, accountability, and reporting lines for all senior officers. Senior Management is responsible for developing policies, processes, and procedures for managing operational risk in all the Bank’s material products, services, processes, and systems. Operational risk management policies and frameworks are regularly reviewed and updated, subject to ROC and Board approval to ensure that they remain relevant, effective and aligned with those of the parent bank. Performance gaps are identified and resolved by strengthening existing controls and implementing additional controls. Risk awareness is implemented through various training curricula that

the PSBank Business Campus designs and implements. This is a key component and embedded in the regulatory training for all employees. For high-potential and high-performing employees undergoing management training programs, this is a component of the Ladderized Programs, Staff Professional Enhancement and Educational Development – Accelerated Learning (SPEED AX-L), Redefining Institutional Sales Efficiency (RISE), ELEV8: Future-Proofing the Leadership Bench, and other initiatives.

Our products and operating manuals, policies, and procedures spell out internal controls that our business and operating support units implement. Our Internal Audit Group (IAG) provides independent reasonable assurance on control adequacy and compliance with these manuals. We identify and assess operational risks across the organization and develop controls to mitigate and manage them as part of our continuing efforts to enhance our Operational Risk Management Framework in close coordination with our parent bank. We perform this vis-a-vis the Board-approved operational loss thresholds and benchmarks and through the ORM tools such as the Institutional Key Risk Indicator (KRI) Report, Business Unit Level (BU Level) KRI Report, Risk Incident Report (RIR), Risk and Control Self-Assessment (RCSA), Loss Event Database (LED), and various risk assessments. The operational risks are regularly monitored and reported to senior management, and Board through the ROC. The Bank has a robust Business Continuity Plan (BCP) and a Disaster Recovery Program (DRP) that are reviewed and tested annually for continuous improvement and to ensure readiness and effectiveness in case of business disruptions, system failures and disasters. These provide activities for testing critical systems and other systems in the Business Recovery Center (BRC) on a per segment basis. In 2023, our BCP testing yielded excellent results, encompassing bank-wide call tree testing, BRC activation, BCP simulation, and evacuation drills.

TECHNOLOGY RISK

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

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

We have a Bank-wide IT Risk Management Framework which is revisited annually to ensure its conformity with existing and/or latest bank-wide processes and compliance with related local regulatory requirements. This defines the responsibilities of all employees involved in identification, assessment, reporting, and management

of technology risks and the guidelines that govern the IT Risk Management process. This also provides for the annual conduct of IT Risk Assessment to identify, assess, monitor and control the technology-related risks.

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

LEGAL RISK

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

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

REGULATORY RISK

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

STRATEGIC RISK

This is the current and prospective impact on earnings or capital arising from adverse business decisions, improper resolution of conflicts, and slow response to industry changes. Strategic risk can shape our long-term goals, business strategies, and resources. We utilize both tangible and intangible resources to carry out our business strategies and meet our low appetite for strategic risk. These include communication channels, operating systems, delivery networks, and managerial capacities and capabilities.

REPUTATIONAL RISK

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

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

RISKS RELATED TO TRUST

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

ENVIRONMENTAL AND SOCIAL RISK

This refers to the potential adverse financial, legal, and/or reputational impact on the Bank when faced with environmental and social issues such as environmental pollution, climate risk (both physical and transition risks), hazards to human health, safety and security, and threats to the community, biodiversity and cultural heritage. Cognizant that these could pose concerns for us and our stakeholders and guided by the Bangko Sentral ng Pilipinas (BSP) Circular No. 1085, in September 2021, we formally instituted our Sustainable Finance Framework to articulate the integration of environmental, social, and governance criteria into our day-to-day business operations and our financial products and services. The framework provides basis for defining our targets and metrics to deliver on our commitment to support sustainable economic growth and the transition to a low-carbon economy. The principles and standards are embedded in our Environmental and Social (E&S) Risk Management Policy Manual in accordance with BSP Circular No. 1128 issued in October 2021 and BSP Circular No. 1149 issued in September 2022. In 2022, we integrated environment and social-related risks in our product manuals, policies and procedures, and employee functions. We improved our banking, credit, and investment operations with environmental risk metrics and introduced physical risk assessments for our credit, and capital assets and third party service providers. In 2023, these were refined to consider climate hazards' severity and frequency, enabling the Bank to mitigate and further reduce residual risk exposure. We developed tools that allow us to measure and manage our E&S risk and physical risk exposures based on industry-acceptable parameters. Further, our ICAAP exercise was expanded to include assessment of our resilience against transition risk arising from aggressive government push on environmental, social and governance initiatives, and geopolitical crisis. Our internal sustainability reporting policies were formalized to document and capture efforts in our sustainable finance journey while maintaining transparency and accountabilities among our contributors.

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

AUDIT COMMITTEE REPORT

The Audit Committee is responsible for providing assistance to the Board of Directors (Board) in fulfilling its oversight function on the Bank's financial reporting process, 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.

The Committee is composed of three non-executive and independent directors, including the Chairperson, all of whom with sufficient knowledge, skills, and experience to perform their functions. In 2023, the Committee held its regular monthly meetings, special sessions with the external auditors, and a briefing for the newly appointed directors. The Committee also had executive sessions with the external auditors, the non-executive directors, the heads of Compliance, Internal Audit, Fraud Management, Risk Management, and the Bank's external auditor; and with the Board without the presence of the management team.

The Committee attested that the internal audit function has maintained its independence and proper authority to effectively execute its duties and achieve its goals and objectives. The Committee has provided full support and consistent guidance to Internal Audit Group (IAG) and Fraud Management Group (FMG) in achieving their respective 2023 plans, of which results of projects and activities have provided significant inputs to Management for the effectiveness of governance, risk management, and control processes of the Bank.

Highlights of the Committee's activities were the following:

FINANCIAL REPORTING

- Reviewed and discussed with the Management and the external auditor, SGV & Co. (SGV), the year-end Audited Financial Statements (AFS) and the related disclosures; and endorsed on February 22, 2024 for Board approval the 2023 AFS. Management is responsible for the preparation and fair presentation of the Bank's financial statements and adequacy of disclosures in accordance with Philippine Financial Reporting Standards (PFRS); while SGV is responsible for expressing an independent opinion on the AFS and their conformity with PFRS.
- Discussed with the SGV the key audit matters that include the adequacy of allowance for credit losses on loans and receivables and the realizability of deferred tax assets.
- Discussed with the Controller and the internal auditors the highlights of the monthly unaudited consolidated financial reports, including the results of Bank's operations

INTERNAL CONTROLS AND RISK MANAGEMENT

- Evaluated and reviewed with the internal and external auditors the adequacy and effectiveness of the Bank's internal controls, financial reporting controls, operational and compliance controls, risk management policies, information systems and security policies established by Management, including the Bank's implementation of the business continuity plan.
- Identified and assessed controls and high-risk areas that require more consideration by IAG and FMG. Based on the 2023 BSP Report of Examination (ROE), the Internal Audit (IA) function is Acceptable, as it is effective and reliable in providing objective assurance that internal control processes, corporate governance, and risk management are designed and operating as intended.
- Reviewed and monitored through IAG the management's action plans on audit findings; discussed and approved the IAG policy on audit findings management to enhance the process of monitoring, following up, and implementing corrective actions to manage risk issues and improve the operations of the branches, head office units, and information systems and security.

INTERNAL AUDIT AND FRAUD MANAGEMENT

- Discussed and approved the annual work plans of the IAG and the FMG to ensure the adequacy of scope and adoption of alternative strategies and methodologies due to changed environments and volatile conditions. IAG completed additional projects on top of its 2023 plan.

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

EXTERNAL AUDIT

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

REGULATORY COMPLIANCE

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

Based on the results of the assurance and fraud management activities performed by the Bank's IAG and FMG; the unqualified opinion on the financial statements by the External Auditor; the Internal Audit's risk rating of Acceptable per 2023 BSP Report of Examination; and the plans and actions taken by Management, the Committee concludes that the Bank's governance, risk management, and control processes continue to be adequate and generally operating properly. The Committee will continuously review and monitor Management's activities to ensure its adherence to the guidelines set by the Board.

(Signed)

EDUARDO A. SAHAGUN
CHAIRMAN

(Signed)

RUFINO LUIS T. MANOTOK
MEMBER

(Signed)

RONALD LUIS S. GOSECO
MEMBER

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

FAIRNESS

We see to it that we conduct fair dealings with counterparties and other stakeholders. We ensure that such dealings, especially with our related parties, are made in the regular course of our business, and upon mutually favorable terms. Our Board-level Related Party Transactions Committee (RPTC), entirely composed of non-executive directors, and Management-level Related Party Transactions Management Committee (RPTMC), help ensure that our transactions with related parties are conducted at arm's length terms and conditions, 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 2023 to revisit/update the transaction materiality thresholds, address the BSP's recommendations per its latest examination as completed on 14 July 2023, re-align with parent-Metrobank's Revised Guidelines on RPTs and incorporate other relevant updates/changes.

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 (ASM).

In 2023, the following material RPTs were entered into between the Bank and its related parties (see material RPTs table on the next page and Note 29 of the Audited Financial Statements).

RELATED PARTIES	RELATIONSHIP	NATURE OF TRANSACTION	TERMS & CONDITIONS	IN MILLIONS OF PHP	
				ORIGINAL AMOUNT	DEC 31, 2023 BALANCE
INTERCOMPANY COUNTERPARTY LINES					
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Annual Renewal and Increase in Related Intercompany Counterparty Lines of Treasury Group	Clean/unsecured Line is for Interbank Call Loans (IBCL) only; Secured Line is collateralized by non-risk assets i.e. Government securities (GS); and Pre-Settlement Risk Line is for Peso and US Dollar trading of Fixed Income Securities, FX trading transactions and Peso and US Dollar Repo transactions.	Clean – 7,000; Secured - 25,000; Settlement - 750	N/A
First Metro Investment Corporation (FMIC)	Affiliate	Renewal of Existing Php85.0 Million Pre-Settlement Risk (PSR) Line	Counterparty line to cover risks for fixed income securities (i.e., corporate bonds, government securities) and FX spot transactions for maximum of T+3 for FMIC's securities trading.	Pre-Settlement – 85 (same/ no changes)	N/A
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Annual Renewal of Related Intercompany Lines of Trust Division	Counterparty line for investments in Time Deposit transactions of Trust Accounts (TAs), earmarking of settlement amount of fixed income/equity transactions, settlement of fixed income/equity transactions and investments in Time Deposit transactions of Investment Management Accounts (IMAs)	Clean – 1,000; Pre-Settlement – 5; Settlement – 50 & IMA – 100 (same/ no changes)	N/A
First Metro Investment Corporation (FMIC)	Affiliate	Same as above	Counterparty line for earmarking of settlement amount of fixed income/equity transactions and settlement of fixed income/equity transactions	Pre-Settlement – 70 & Settlement – 700 (same/ no changes)	N/A
First Metro Securities Brokerage Corp. (FMSBC)	Affiliate	Same as above	Counterparty line for earmarking of settlement amount of fixed income/equity transactions and settlement of fixed income/equity transactions	Pre-Settlement – 500 & Settlement – 500 (same/ no changes)	N/A
PSBank	Bank Proper	Same as above	Counterparty line for investments in Time Deposit transactions of Trust Accounts (TAs), earmarking of settlement amount of fixed income/equity transactions, settlement of fixed income/equity transactions and investments in Time Deposit transactions of Investment Management Accounts (IMAs)	Clean – 1,000; Pre-Settlement – No Limit; Settlement – No Limit; IMA – 4,000 (same/ no changes)	N/A
LOANS AND OTHER CREDIT ACCOMMODATIONS					
First Metro Investment Corporation (FMIC)	Affiliate	Reinstatement of Php1.0 Billion Clean/Unsecured Credit Line	Clean/Unsecured Credit Line available via PNs of up to 30 days for additional working capital purposes and to gap intraday funding requirements with interest rate upon drawdown based on current BSP's Overnight Lending Facility (OLF) rate plus 50-75 basis points (bps) spread	1,000	N/A
PSBank Trust Division	Trust Division	Renewal of Existing Php1.0 Billion Domestic Bills Purchase (DBP) Clean Line for PSBank-Trust Division's Clients Under The Same Terms & Conditions	Renewal of Domestic Bills Purchase Line for the purchase of local and regional checks issued by PSBank Trust Division's clients payable to PSBank Trust Division for outright crediting of their investments	1,000	N/A

RELATED PARTIES	RELATIONSHIP	NATURE OF TRANSACTION	TERMS & CONDITIONS	IN MILLIONS OF PHP	
				ORIGINAL AMOUNT	DEC 31, 2023 BALANCE
OTHERS					
Metropolitan Bank and Trust Company (MBTC) - Digital Banking Unit (DBU)	Parent-Bank	Renewal of Existing Lease Agreements	Renewal of existing lease contracts for their office spaces at the PSBank Center for which rental rates are deemed acceptable/fair and consistent with the results of market survey conducted by the Bank's Credit Appraisal Division.	9.99	N/A
Sumisho Motor Finance Corporation (SMFC)	Affiliate	Same as above		19.12	N/A
Federal Land Inc. (FLI)	Affiliate	Buy-Back of Past Due Home Loans	Affiliate-real estate developer's buy-back of two (2) past due home loan accounts with waiver on penalties but subject to applicable additional interest if paid beyond the committed payment date as loan recovery option for the Bank.	5.79	N/A
Orix Metro Leasing and Finance Corporation (OMLFC)	Affiliate	Granting of a Second Real Estate Mortgage in favor of Affiliate-Orix Metro Leasing and Finance Corporation to Secure the Loan of Superlines Transportation Co. Inc.	The 1st REM of the Bank shall remain valid and superior than the 2nd REM of OMLFC for which annotation shall be under the control and direction of the Bank.	35.00	N/A
PSBank Trust Division	Trust Division	Opening of a Trust Account with Trust Division in Compliance with the Liquidity Requirement for Outstanding E-Money Issuances per BSP Circular No. 1166	Opening a Trust and Other Fiduciary Account (TOFA)-Custodianship and Safekeeping with its Trust Division under the standard terms & conditions applicable to such a Trust product for investment in government securities or in other liquid assets as the BSP may allow as liquidity reserve for the Bank Proper's outstanding E-money issued in compliance with BSP Circular No. 1166	178.92	186.16

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 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, 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 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 2023. Directors' level of share ownership and movements throughout 2023 are summarized in the table below:

NAME OF DIRECTOR	POSITION	ROLLFORWARD OF COMMON SHARES					
		BEGINNING		MOVEMENTS		END	
		31/12/2022	%	ADDITIONS	DEDUCTIONS	31/12/2023	%
Jose T. Pardo*	Chairman	2,063	0.000483	-	2,063	-	0.000000
Vicente R. Cuna Jr.	Chairman	111	0.000026	-	-	111	0.000026
Arthur V. Ty	Vice Chairman	129	0.000030	-	-	129	0.000030
Samson C. Lim*	Independent Director	111	0.000026	-	111	-	0.000000
Rufino Luis T. Manotok**	Independent Director	-	-	100	-	100	0.000023
Higinio S. Macadaeg Jr.***	Independent Director	-	-	100	100	-	0.000000
Ronald Luis S. Goseco****	Independent Director	-	-	100	-	100	0.000023
Francisco S. Magsajo Jr.	Independent Director	100	0.000023	-	-	100	0.000023
Eduardo A. Sahagun	Independent Director	111	0.000026	-	-	111	0.000026
Jose Vicente L. Alde	President and Director	111	0.000026	-	-	111	0.000026
Ma. Soledad D.S. De Leon	Director	4,456,795	1.044090	-	-	4,456,795	1.044090
Rosanna F. De Vera	Director	111	0.000026	-	-	111	0.000026
Total		4,459,642	1.044756	300	2,274	4,457,668	1.044293

* The directorship of Mr. Pardo and Mr. Lim ended in April 2023 (with 2,063 shares and 111 shares outstanding as of end-December 2023, respectively).

** Mr. Manotok was elected as Independent Director during the Annual Stockholders' Meeting in April 2023.

*** Mr. Macadaeg was elected as Independent Director during the Annual Stockholders' Meeting in April 2023 but resigned in July 2023 (with 100 shares outstanding as of end-December 2023).

**** Mr. Goseco was elected as Independent Director in September 2023 to fill in the vacancy left by Mr. Macadaeg since July 2023.

WHISTLEBLOWING

PSBank's whistleblowing policy requires our employees to report immediately any impropriety or malpractice committed by co-employee/s or third party/ies to their group heads or directly to the Group Head of Internal Audit, Fraud Management, or Customer Experience and Human Resources, for evaluation if it would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered an impropriety or malpractice in itself. The whistleblower is protected from any form of harassment as a result of any disclosure which was made in good faith believing the disclosure to be true and was not made maliciously or for personal gain. The policy considers any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

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

ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM (AML/CFT)

PSBank subscribes to and adopts the State's policy to protect the integrity and confidentiality of accounts and to ensure that it shall not be used as a money laundering/terrorism financing/proliferation 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 (MTPP).

Our MTPP, 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; 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).

Our MTPP was last updated in October 2023 to address the findings & recommendations of the most recent BSP examination as completed on 14 July 2023 and to incorporate the recent ML/TF-related regulatory issuances as well as relevant CO AML advisories recently issued and other amendments. Compliance with the requirements of this MTPP 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 Company Disclosures 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 2023 to include certain duties and responsibilities of the Board of Directors with respect to strategic manpower planning and employee separations under Operational Risk Management, incorporate the SEC's requirements when filing request for extension

in filling up a vacant Board seat pursuant to the Revised Corporation Code of the Philippines, articulate the exemption of certain persons from attending the required Basic CG Orientation Program for first-time directors as well as those who have already attended the same course in other company(ies) of which they also sit as directors, set a deadline from date of election within which to attend the required Basic CG Orientation Program for first-time directors to align with that of parent-Metrobank, document the current practice of the respective committee secretariats' holding of a briefing for newly elected directors of their roles in the Board-level committees of which they were appointed as members and revise the schedule of the conduct of the required annual performance evaluation of directors and officers with interlocking positions to within the first quarter of the following year.

FINANCIAL CONSUMER PROTECTION

With customers at the forefront of our priorities and in compliance with BSP Circular No. 857, as amended by BSP Circular No. 1048 and BSP Circular No. 1160 re: "Regulations on Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the Financial Products and Services Consumer Protection Act (FCPA)", our corporate governance system and culture includes a Financial Consumer Protection (FCP) Framework to ensure that financial consumers' rights are protected at all times and that consumer protection laws, rules and regulations, 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. Protection of consumer assets against fraud and misuse; and
6. Financial education and awareness.

This FCP Framework was updated in November 2023 to overhaul and re-align with the amended and new requirements set forth under BSP Circular No. 1160, especially with respect to the inclusion of a mandatory Cooling-Off Period for all applicable products and articulation of the Bank's Responsible Pricing policy, incorporate the adoption of the Standard Business Loan Application Form (SBLAF) for micro, small and medium enterprises as mandated under BSP Circular No. 1156 dated 30 September 2022 and add footnotes for clarification of or emphasis on certain items as well as points of reference to pertinent Policies & Procedures.

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 Resources Group (CXHRG) Head, Information Technology Group (ITG) Head, Branch Banking Group (BBG) Head, and Marketing Group (MG) Head. Issues requiring Public Relations (PR) solutions or those with media impact are also submitted to the PR and Corporate Communications Head.

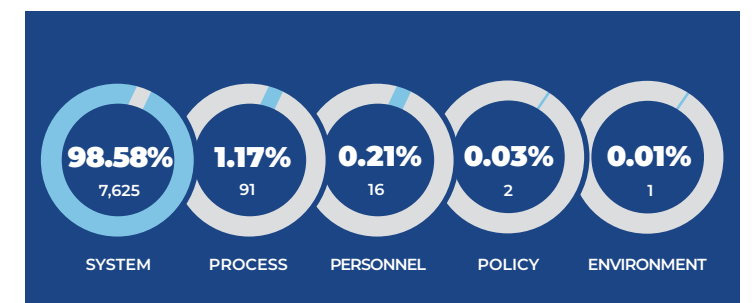
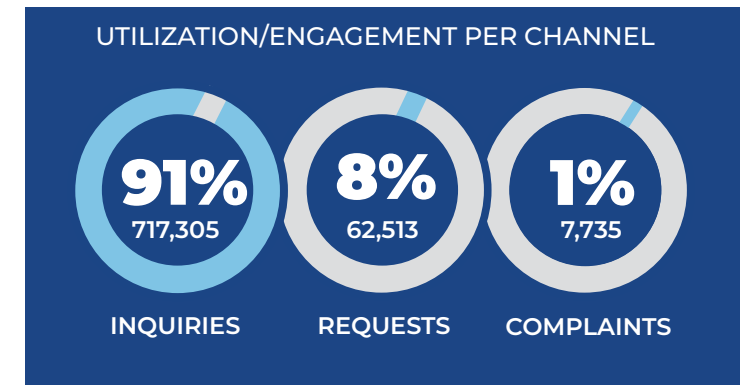
- **PROCESS OWNER REPRESENTATIVE:** respondents to the complaint. They can also be subject matter experts who may provide valuable inputs in the immediate resolution of the complaint.
- **FCPA ROUNDTABLE:** a top-level advisory and action group led by a Senior Officer who acts as a coach. The FCPA roundtable's primary objective is to create a venue for discussion of customer issues, develop 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.



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 fulfillment 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 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 2023, 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 potential candidates, the Bank 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. 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 October 2023 an annual refresher program on Corporate Governance via Zoom webinar pursuant to SEC Memorandum Circular No. 20 s2013 and as conducted by the Center for Global Best Practices (CGBP), a SEC-accredited training provider. Topics covered in said webinar are Governance of Data Privacy Management, Executive Briefing on Cybersecurity for Board and Management, Updates on Anti-Money Laundering Laws and Regulations and the Corporate Board's Roadmap to ESG-Driven Sustainability Strategy and Reporting.

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 and/or applicable rules are given to all directors and stockholders. Regular Board meetings are also scheduled in advance which are normally set every third Thursday of the month. With the lifting of pandemic-related restrictions, directors typically attend board meetings in person or face-to-face and are given the access/option also to attend virtually whenever necessary or as applicable. This is to provide flexibility and convenience to the members of the Board.

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. Two or majority of its voting members are Independent Directors, including its Chairperson, who is neither the Chairman of the Board nor of any other Board-level committee. The ROC members possess a range of expertise and adequate knowledge of our risk exposures, which is needed to develop appropriate strategies for preventing or minimizing losses. The Committee meets monthly and is supported by our Risk Management Office (RMO).

The **AML Oversight Committee (AMLOC)** is tasked to assist our Board in fulfilling its oversight responsibility over our AML Compliance Management. It ensures that we comply with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations (RIRRs), the provisions of the Anti-Terrorism Act (ATA), the Anti-Financing of Terrorism Act (AFTA), the Strategic Trade Management Act (STMA) and their Implementing Rules and Regulations (IRRs); the regulatory issuances and orders of the Anti-Money Laundering Council (AMLC) and BSP AML/CFT regulations to the end that the Bank shall not be used as a vehicle to legitimize the proceeds of unlawful activity or to facilitate or finance terrorism. The Committee is composed of three directors, of whom two are Non-Executive Directors, including the Chairperson and an Independent Director. The Committee meets monthly and is supported by our Compliance Office (CO).

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

Other Board-level committees are as follows:

The **Executive Committee (ExCom)** is tasked, among others, 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 2023 for these committees were logged as follows:

CORPORATE GOVERNANCE COMMITTEE (CGC)

MEMBERS	POSITION	ATTENDANCE	%
Jose T. Pardo* Independent Director	Chairperson	4/4	100%
Samson C. Lim* Independent Director	Member	4/4	100%
Eduardo A. Sahagun Independent Director	Member	12/12	100%
Francisco S. Magsajo Jr.** Independent Director	Chairperson	7/8	88%
Rufino Luis T. Manotok*** Director	Member	8/8	100%
Gilbert L. Nunag Chief Compliance & Data Protection Officer	Secretary	12/12	100%

*Terms as independent directors ended in April 2023
 **Replaced Mr. Jose T. Pardo as CGC Chairperson starting May 2023
 ***Elected as new independent director in April 2023 and replaced Mr. Samson C. Lim as CGC Member starting May 2023

RISK OVERSIGHT COMMITTEE (ROC)

MEMBERS	POSITION	ATTENDANCE	%
Francisco S. Magsajo Jr.* Independent Director	Chairperson	4/4	100%
Higinio O. Macadaeg Jr.** Independent Director	Chairperson	3/3	100%
Ronald Luis S. Goseco*** Independent Director	Chairperson	3/3	100%
Jose Vicente L. Alde Director	Member	12/12	100%
Eduardo A. Sahagun Independent Director	Member	12/12	100%
Edeza A. Que Chief Risk & Sustainability Officer	Secretary	12/12	100%

*Served as ROC chairperson until April 2023
 **Elected as new independent director in April 2023 and replaced Mr. Magsajo Jr. as ROC Chairperson starting May 2023 but resigned effective July 17, 2023
 ***Elected as new independent director and ROC Chairperson in September 2023

AML OVERSIGHT COMMITTEE (AMLOC)

MEMBERS	POSITION	ATTENDANCE	%
Vicente R. Cuna Jr. Non-Executive Director	Chairperson	12/12	100%
Francisco S. Magsajo Jr. Independent Director	Member	12/12	100%
Rosanna F. De Vera Non-Executive Director	Member	10/12	83%
Gilbert L. Nunag Chief Compliance & Data Protection Officer	Secretary	12/12	100%

AUDIT COMMITTEE (AUDITCOM)

MEMBERS	POSITION	ATTENDANCE	%
Eduardo A. Sahagun Independent Director	Chairperson	15/15	100%
Samson C. Lim* Independent Director	Member	5/5	100%
Jose T. Pardo* Independent Director	Member	5/5	100%
Higinio O. Macadaeg Jr.** Independent Director	Member	3/3	100%
Rufino Luis T. Manotok*** Independent Director	Member	10/10	100%
Ronald Luis S. Goseco**** Independent Director	Member	4/4	100%
Sherwin U. Lee Chief Audit Executive	Secretary	15/15	100%

*Terms as independent directors ended in April 2023
 **Elected as new independent director in April 2023 and replaced Mr. Pardo as AuditCom Member starting May 2023 but resigned effective July 17, 2023
 ***Elected as new independent director in April 2023 and replaced Mr. Lim as AuditCom Member starting May 2023
 ****Elected as new independent director and AuditCom Member in September 2023

EXECUTIVE COMMITTEE (EXCOM)

MEMBERS	POSITION	ATTENDANCE	%
Vicente R. Cuna Jr.* Non-Executive Director	Chairman	12/12	100%
Arthur V. Ty Non-Executive Director	Member	11/12	92%
Jose Vicente L. Alde President/Executive Director	Member	12/12	100%
Rosanna F. De Vera Non-Executive Director	Member	12/12	100%
Mary Myleen M. Masanque Credit and Collections Group Head (PSBank Representative)	Member	12/12	100%
Jose M. Manuel, Jr. Legal Services Division Head	Secretary	12/12	100%
Arlyn S. Montebon Legal Documentation Department Head	Alternate Secretary	same as above	

*Appointed as Board and ExCom Chairman in April 2023

RELATED PARTY TRANSACTIONS COMMITTEE (RPTC)

MEMBERS	POSITION	ATTENDANCE	%
Samson C. Lim* Independent Director	Chairperson	4/4	100%
Jose T. Pardo* Independent Director	Member	4/4	100%
Ma. Soledad D.S. De Leon Non-Executive Director	Member	9/12	75%
Higinio O. Macadaeg Jr.** Independent Director	Member	2/2	100%
Rufino Luis T. Manotok*** Independent Director	Chairperson	8/8	100%
Ronald Luis S. Goseco**** Independent Director	Member	3/3	100%
Sherwin U. Lee Chief Audit Executive	Resource Person	12/12	100%
Gilbert L. Nunag Chief Compliance & Data Protection Officer	Resource Person and Secretary	12/12	100%

* Terms as independent directors ended in April 2023
 **Elected as new independent director in April 2023 and replaced Mr. Pardo as RPTC Member starting May 2023 but resigned effective July 17, 2023
 ***Elected as new independent director in April 2023 and replaced Mr. Lim as RPTC Chairperson starting May 2023
 ****Elected as new independent director and RPTC Member in September 2023

TRUST COMMITTEE (TRUSTCOM)

MEMBERS	POSITION	ATTENDANCE	%
Rommel Enrico C. Dionisio* Independent Professional	Chairperson	4/4	100%
Francisco S. Magsajo Jr.** Independent Director	Chairperson	4/4	100%
Jose Vicente L. Alde President	Member	4/4	100%
Ma. Soledad D.S. De Leon Non-Executive Director	Member	3/4	75%
Reuel R. Javier Trust Officer	Member	4/4	100%

*Served as Chairperson until April 2023, continues to serve as member of TrustCom
 **Succeeded Mr. Dionisio as Chairperson in April 2023

BOARD MEETINGS

In 2023, our Board had 12 regular meetings, in addition to the Annual Stockholders' Meeting (ASM) and organizational meeting. Directors logged a 98% attendance rate. Attendance records to Board meetings in 2023 are summarized below.

MEMBERS	ATTENDANCE	%	ASM
Jose T. Pardo* Chairman and Independent Director	3/3	100%	N/A
Vicente R. Cuna Jr.** Chairman	12/12	100%	YES
Arthur V. Ty Vice Chairman and Non- Executive Director	11/12	92%	YES
Samson C. Lim* Independent Director	3/3	100%	N/A
Rufino Luis T. Manotok*** Independent Director	9/9	100%	YES
Higinio S. Macadaeg Jr.**** Independent Director	3/3	100%	YES
Ronald Luis S. Goseco***** Independent Director	4/4	100%	N/A
Francisco S. Magsajo Jr. Independent Director	12/12	100%	YES
Eduardo A. Sahagun Independent Director	12/12	100%	YES
Jose Vicente L. Alde President and Executive Director	12/12	100%	YES
Ma. Soledad D.S. De Leon Non-Executive Director	11/12	92%	YES
Rosanna F. De Vera Non-Executive Director	12/12	100%	YES

* The directorship of Mr. Pardo and Mr. Lim ended in April 2023
 ** Mr. Cuna was elected as Chairman in April 2023
 *** Mr. Manotok was elected as Independent Director in April 2023
 **** Mr. Macadaeg's directorship started in April 2023 and ended in July 2023
 ***** Mr. Goseco was elected as Independent Director in September 2023 to fill in the vacancy left by Mr. Macadaeg since July 2023

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 2023 to address the findings & recommendations of the most recent BSP examination as completed on 14 July 2023, incorporate other relevant updates, articulate existing processes and enhance certain processes, 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 2023 was Php19.1 million. Our remuneration policy for directors indicates that the Chairman, Vice Chairpersons, and each of the directors receive reasonable per diems for attendance at any Board meeting. There is nothing in 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 total 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 2023, 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, with 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 2023, 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/or 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. 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, 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 2023 stood at PhP1.28 billion. Details are shown under Note 21 of the Audited Financial Statements section.

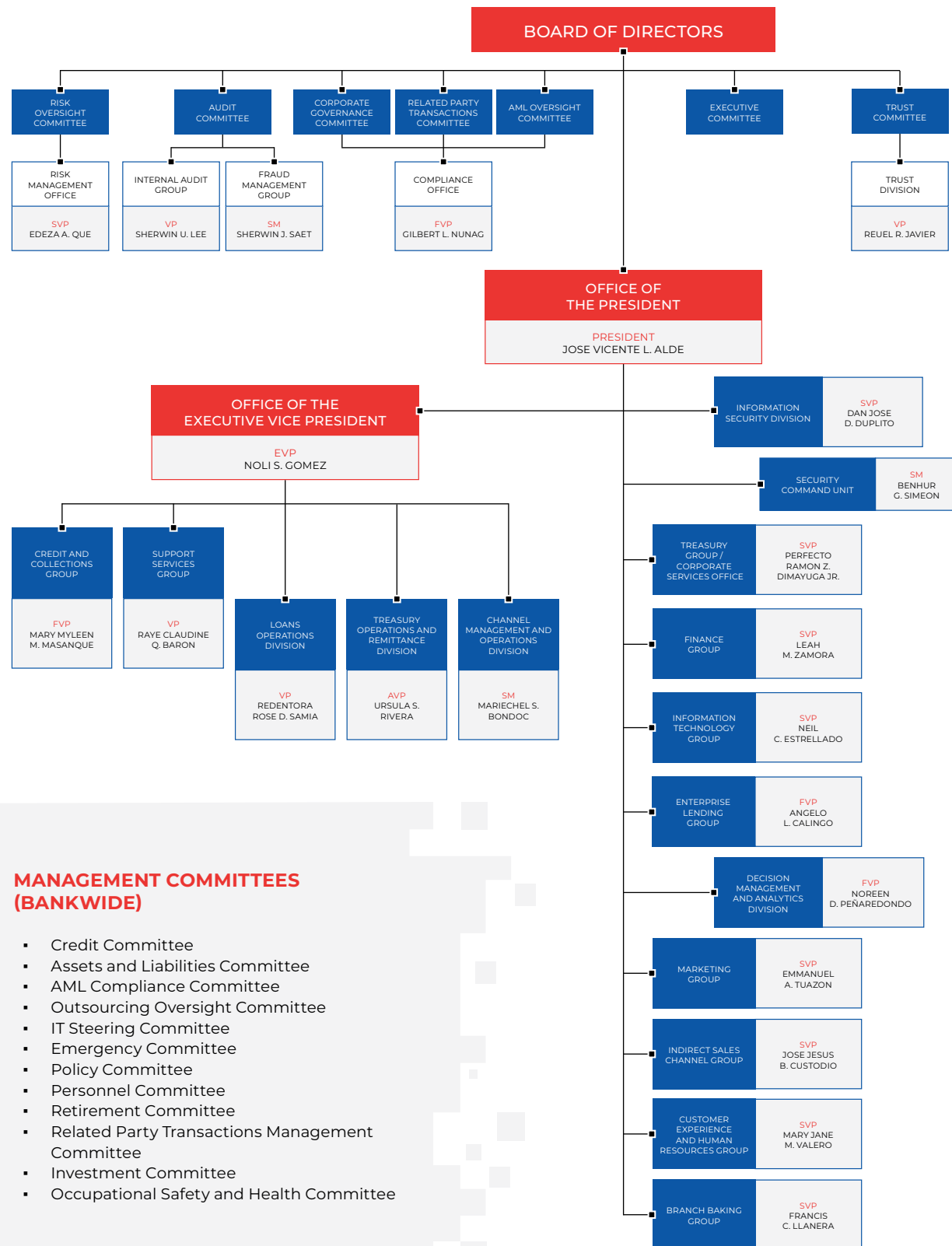
OUR GOVERNANCE EVALUATION

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

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

Our Corporate Governance Committee reviews the scorecard results, which are reported to our Board of Directors and, thereafter, regularly tracked in terms of the status of addressing the areas needing improvement. This annual performance rating exercises also include that of the Chairman of the Board, the Chief Risk Officer, the Chief Audit Executive, the Chief Compliance Officer, Directors/Officers with multiple/interlocking positions and of the entire Bank.

TABLE OF ORGANIZATION



MANAGEMENT COMMITTEES (BANKWIDE)

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

PRODUCTS & SERVICES

SAVINGS ACCOUNTS

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

CHECKING ACCOUNTS

- PSBank Peso Regular Checking
- PSBank Premium Peso Checking

TIME DEPOSIT ACCOUNTS

- PSBank Peso Prime Time Deposit
- PSBank Peso Time Deposit

FOREIGN CURRENCY ACCOUNTS

- PSBank USD Passbook Savings
- PSBank Dollar Time Deposit
- PSBank Euro Passbook Savings

CONSUMER LOANS

- PSBank Auto Loan with Prime Rebate
- PSBank Flexi Personal Loan with Prime Rebate
- PSBank Home Loan with Prime Rebate
- PSBank Home Credit Line
- PSBank Home Construction Loan
- PSBank Multipurpose Loan
- PSBank Payroll Cash Advance (Vale)

COMMERCIAL LOANS

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

TRUST PRODUCTS AND SERVICES

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

OTHER PRODUCTS AND SERVICES

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

SHAREHOLDERS INFORMATION

CORPORATE INFORMATION

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

ANNUAL SHAREHOLDERS' MEETING

Thursday, 25 April 2024, 3:00 p.m. via Webex

STOCK LISTING

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

SHAREHOLDERS

The number of common shareholders of record as of **1 March 2024** is **1,429**.

MAJOR SHAREHOLDER

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

MARKET INFORMATION

Below are the high and low closing prices of PSB shares as reported on the Philippine Stock Exchange for each quarter of the years ending in 2022 and 2023:

YEARS	QUARTERS	HIGHEST	LOWEST
2023	1st	57.50	55.00
	2nd	56.95	55.00
	3rd	58.00	54.15
	4th	56.00	50.20
2022	1st	58.20	54.80
	2nd	58.00	55.00
	3rd	57.85	55.00
	4th	59.00	55.00

ANNUAL REPORT IN SEC FORM 17-A

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

SHAREHOLDER ASSISTANCE AND SERVICES

INVESTOR RELATIONS

Corporate Affairs Division
 9th Floor PSBank Center
 777 Paseo de Roxas corner Sedeño Street
 Makati City 1226
 Tel: (+632) 8845-8888
 Email: psbasm@psbank.com.ph

MEDIA

Marketing and Communications Division
 8th Floor PSBank Center
 777 Paseo de Roxas corner Sedeño Street
 Makati City 1226
 Tel: (+632) 8885-8208

FOR INQUIRIES OR CONCERNS:

Customer Experience Group
 6th Floor PSBank Center
 777 Paseo de Roxas corner Sedeño Street
 Makati City 1226
 Tel: (+632) 8845-8888
 Fax: (+632) 8845-0048
 SMS: (+63) 998-8458888
 Email: customerexperience@psbank.com.ph
 Chat: www.psbank.com.ph

STOCKHOLDER SERVICES

For inquiries regarding dividend payments, change of address or account status:
 Metrobank Trust Banking Group - Settlements Department
 16th Floor Metrobank Center
 35th Street corner 7th Avenue
 Bonifacio Global City
 Taguig City 1634
 Tel: (+632) 8857-5694 to 95 and 97

SCAN TO KNOW MORE



AUDITED FINANCIAL STATEMENTS



FULL SUSTAINABILITY REPORT



PRODUCTS AND SERVICES



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PSBank

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

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