

COVER SHEET

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S.E.C. Registration Number

P H I L I P P I N E B U S I N E S S B A N K , I N C .
a s a v i n g s b a n k

(Company's Full Name)

3 5 0 R I Z A L A V E N U E E X T E N S I O N
C O R N E R 8 T H A V E N U E G R A C E P A R K
C A L O O C A N C I T Y

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

Rolando G. Alvendia

Contact Person

8461-5800 local 5100

Company Telephone Number

Month Day

Fiscal Year

SEC FORM 17-A

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2020
2. SEC Identification Number A199701584 3. BIR Tax Identification No. 005-469-606
4. Exact name of issuer as specified in its charter Philippine Business Bank, Inc., A Savings Bank
5. Caloocan
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 350 Rizal Avenue corner 8th Avenue Grace Park, Caloocan City 1400
Address of principal office Postal Code
8. (02) 8363-33-33
Issuer's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	643,750,094

11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common shares of stock

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes No

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

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

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No NOT APPLICABLE

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders;
- (b) Any information statement filed pursuant to SRC Rule 20;
- (c) Any prospectus filed pursuant to SRC Rule 8.1.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview

PBB was incorporated as a Philippine corporation and registered with the SEC on January 28, 1997 as “Total Savings Bank” and was granted the authority to operate as a thrift bank under the MB Resolution No. 29 dated January 8, 1997. The BSP issued a Certificate of Authority on February 6, 1997. On December 16, 1997, the SEC approved the change of corporate name of the Bank to “Philippine Business Bank, Inc. (A Savings Bank)” which the shareholders believe better reflects the Bank’s business thrust and focus.

The Bank’s focus is to become the bank of choice of the SME market segment. The BSP defines small and medium enterprises to be any business concern with assets between ₱3.0 million to ₱100.0 million, excluding the land value on which the entity’s office, plant and equipment are situated.

This focus on the SME market is driven by the size and potential of this particular market. According to recent data from the Department of Trade and Industry, SMEs account for 99.5 percent of total registered enterprises. The Bank believes that the SME segment is the major source of entrepreneurship and economic dynamism which provide trade, manufacturing and outsourcing and services and help contribute to community and local development. Lastly, the Bank believes that the SME segment is underserved with most financial institutions focusing on the banking requirements of large corporations.

To become the bank of choice of the SME market, PBB has increased its branch presence in several commercial and industrial centres of the country and recruited branch and account officers with extensive client networks in these specific communities. The Bank’s network grew from two (2) branches in 1997 to 159 branches as of December 31, 2020 with most branches located in areas with high concentration of small and medium businesses such as Caloocan, Malabon, Navotas, Valenzuela and Quezon City. PBB has also aggressively expanded its branch network in highly urbanized areas outside Mega Manila such as Davao, General Santos, Bacolod, and Cebu. PBB believes that client proximity, understanding its targets’ banking requirements, the reputation of its branch and account management staff within their respective communities, and the overall reputation of PBB, are the key growth factors in the banking business.

PBB attributes its strong growth and attractive financial performance to the following competitive strengths:

1. Strong presence, reputation, and attention to its SME customers

The Bank believes that its deliberate focus on serving the banking needs of the SME market segment is a key factor for its successful growth over its history. Aside from potential size of this market segment, the Bank also believes that the SME segment is largely underserved by most financial institutions with their focus on large companies and the consumer market.

PBB's focus on the SME segment is manifested in its branch strategy, the recruitment of its officers, its business operations, and even its corporate culture.

Majority of PBB's branches are located outside of typical commercial and business districts where most banks congregate and are situated in areas with significant SME concentration such as Caloocan, Malabon, Navotas, Valenzuela, Quezon City as well as highly urbanized areas outside Mega Manila such as Davao, General Santos, Bacolod, and Cebu. Aside from targeting such areas, PBB has also significantly increased the number of its branches over the past years.

The Bank believes the success of this branch strategy is shown in its increased business volume. PBB's branches have increased over the past five (5) years from 134 in 2015 to 159 as of December 31, 2020. As a result, PBB's deposit base grew from ₱55.0 billion in 2015 to ₱100.4 billion in 2020. Net loans and other receivables also increased from ₱41.7 billion in 2015 to ₱89.3 billion as of December 31, 2020, a 16.42% CAGR.

Of equal importance to PBB's current and prospective growth is the staffing of these branches. The Bank aggressively recruits branch managers and account officers who have established good relationships and solid reputation within each branch's catchment area. Through this recruitment strategy, PBB has been able to accelerate its client acquisition.

In line with its view that most SME clients have unique banking requirements with respect to bank transactions that require specific attention, PBB has also deliberately focused on providing its banking services through its branch officers and staff. This contrasts significantly with the trend to automate banking transactions. PBB believes that customer interaction and service will remain key ingredients for its growth.

2. Effective capital utilization

Aside from interest income from its loan products, PBB is opportunistic with respect to earnings generation from its treasury operations especially during periods of weak loan demand or excess liquidity. PBB's Treasury Services Group, in coordination with the Bank's Asset and Liability Committee, ensures the Bank's liquidity, manages liquidity risk, manages the Bank's trading portfolio of domestic treasury debt, corporate bonds, foreign currency denominated bonds, and other financial instruments.

In 2015, PBB's trading portfolio amounted to ₱9.1 billion, ₱7.1 billion in 2016, ₱2.4 billion in 2017, ₱4.9 billion in 2018, and ₱14.8 billion in 2019. As of December 31, 2020, the portfolio of the Bank was at ₱17.9 billion.

3. Solid lending policies and practices

Despite the growth of PBB's loans and receivables, the Bank has successfully managed credit risk through its internal credit risk rating system, loan evaluation and approval practices, and other formal credit risk mitigating processes. Supplementing these formal processes is PBB's relationship and community-based approach to lending, which takes advantage of branch and account officers' position in their respective communities to analyze prospective borrowers' reputation, business performance and risks, and other credit evaluation factors.

The Bank believes that the advantages brought about by these processes have equal weight to its formal credit evaluation efforts, especially for prospective SME clients.

PBB's NPL ratio was at 2.12% in 2017, 1.75% in 2018, and 2.33% in 2019.

The Bank's NPL ratio stood at 4.07% as of 2020 as a result of the pandemic and the subsequent recession. The Bank performs regular portfolio management reviews to determine potentially problematic accounts and initiate corrective actions if needed.

4. Sound balance sheet well positioned for growth

PBB has consistently maintained a sound balance sheet which positions the Bank for future growth. Liquidity, as measured by the ratio of loans to deposit, in 2015, 2016, 2017, 2018, 2019, and 2020 was at 75.86%, 87.32%, 95.96%, 97.77%, 91.66%, and 88.93%, respectively.

5. Strong capital base is the foundation to PBB's increasing size

In %	2015	2016	2017	2018	2019	2020
Equity, in bn	8.5	9.6	10.2	11.4	12.9	13.9
Tier 1 CAR	16.96	16.17	13.09	14.01	12.80	13.27
CAR	17.70	16.99	14.00	14.99	13.70	14.15

PBB's CAR and Tier 1 CAR are consistently above the BSP thresholds of 10.0% and 7.5%, respectively. The Bank continues to monitor its capital levels relative to its business needs and requirements.

6. Highly competent and experienced management team

With significant oversight from the Board of Directors, PBB is managed and run by officers who have extensive experience in banking operations from leading universal and commercial banks in the country. With the experience and track record of officers, from the head office and throughout its branch network, the Bank is assured that it possesses extensive knowledge of all aspects of the banking industry, strong relationships with other banks and financial institutions, and familiarity with the Bank's target clients and their banking needs.

Financial Summary / Financial Highlights

in Php millions, except per share data	31-Dec-19	31-Dec-20	% growth
Profitability			
Net interest income	4,551	5,628	23.7
Non-interest income	797	1,170	46.7
Non-interest expenses	3,094	3,264	5.5
Pre-tax pre-provision profit	2,254	3,533	56.7
Allowance for credit losses	561	2,336	316.2
Net income	1,256	939	(25.3)
Selected balance sheet data			
Liquid assets	23,966	27,281	13.8
Gross loans	85,620	90,388	5.6
Assets	114,092	119,767	5.0
Deposits	95,268	100,394	5.4
Equity	12,868	13,876	7.8
Per common share data			
Net income per share:			
Basic	1.64	1.46	(11.3)
Diluted	1.64	1.46	(11.3)
Book value	19.03	20.59	8.2
Others			
Headcount	1,705	1,615	(5.3)
Officers	714	722	1.1
Staff	991	893	(9.9)
Selected Ratios			
Return on equity	10.37%	7.02%	
Return on assets	1.20%	0.80%	
Net Tier 1 CAR	12.80%	13.27%	
Capital adequacy ratio	13.70%	14.15%	

Vision

By making things happen today, PBB will help build strong business communities where people can achieve their dreams.

Mission

The basis for Philippine Business Bank's growth shall be its commitment for higher standards every day, in everything we do in providing competitive products and services and through enthusiastic execution and teamwork in producing satisfaction – for our customers, our shareholders, our associates, and our communities.

Principal Business Activities

PBB provides close to a full range of banking services and products, including cash management, retail and corporate lending, deposit products, international trade finance, treasury, and trust products.

Commercial Banking Group

The Commercial Banking Group services the SME and mid-market segments which are PBB's key clientele. The Bank's ability to tap into SMEs lies in the DNA built by its founder, Alfredo M. Yao, being a business owners / entrepreneur himself. The group then grew its presence in the countryside where SMEs run their operations and has currently allowed PBB to benefit from the current infrastructure and development boom in such areas.

The group is divided into eight (8) business units geographically located from north to south of the Philippines. PBB believes that client proximity, understanding its targets' banking requirements, the reputation of its branch and account management staff within their respective communities, and the overall reputation of PBB, are among the key factors which have driven and will continue to drive its growth.

Combank will continue to develop a strong sales culture to attract the SME market as well as their network of suppliers and clients as part of its push for organic expansion. The group is also working on improving its turnaround times to address the requirements of the market.

Corporate Banking Group

Corporate Banking Group provides wholesale banking products and services to large corporate accounts, the segment next to medium enterprises or middle commercial market. These includes major businesses from publicly listed companies, large conglomerates, national and multinational accounts on its various project and developmental loans.

Corbank will continue to manage its existing portfolio and will adapt to the new challenges, heading to the new normal business environment. The group will continue to provide financial services tailor fitted to the financial requirement of our customers in this changing market and business environment.

Consumer Banking Group

The Consumer Banking Group offers traditional and program-based consumer loan products that target market niches with high volume opportunities, e.g. unserved and underserved retail market segments. Following the merger of PBB and ISB, the Bank expanded its product line adding second-hand car loans, personal and salary loans, teacher loans, truck and home equity loans, and microfinance loans.

To reach the retail market segments, the group expanded its network through the establishment of nine (9) consumer lending offices in the following areas: (1) National Capital Region, (2) Cebu, (3) Davao, (4) Batangas, (5) Baguio, (6) Cagayan de Oro, (7) Bacolod, (8) Legazpi, and (9) Iloilo. Consumer finance desks in the Viz-Min region are housed in PBB branches in Bacolod, Cebu, and Iloilo.

To mitigate the impact of the pandemic, the group implemented a conservative lending and collections policies. Marketing was directed towards high quality accounts such as depositors, repeat customers, or generally, profile of borrowers with high credit score that belong to industries appearing to be withstanding the impact of the pandemic. Credit standards were revised to fit the current environment and prudent lending was applied to ensure that desired profile of borrowers get into the system. Adequate collection resources, restructuring programs and focus on recovery became the primary objective.

Retail Banking Group

The Retail Banking Group is engaged in the Bank's core business such as deposit and loan generation. The group is responsible for providing marketing support to branches via lead referrals, cash incentive programs, and cross-sell initiatives. It utilizes a decentralized sales strategy, allowing for tailor-fit tactical outreach initiatives within each locality.

The Bank offers a comprehensive range of deposit products consisting of the following:

1. Checking account
2. Savings account
3. Automatic transfer account
4. Payroll account
5. SSS pensioners account
6. Peso time deposit
7. Hi-5 time deposit
8. Dollar time deposit
9. Hi-Green deposit
10. Dollar savings
11. Chinese Yuan/Renminbi savings
12. Campus Savers
13. E-banking/Business Connect

The group is composed of: (1) Branch Banking Group which grows deposit levels, generates and services loan referrals, and sells Trust and Treasury products; (2) Retail Sales Group which supplements the marketing and sales efforts of BBG; and (3) Branch Operations and Control Group which ensures the day-to-day operations in the branches are in order.

Branches are encouraged to transact foreign exchange trades particularly the USD and RMB currencies. PBB is one of the 14 banks authorized by the Bank of China (BOC) to trade Renminbi directly to Philippine peso. More importantly, the branches' focus will revolve around building personal and professional ties in the community and fostering true business partnership relationships with the Bank's clients. PBB's total network ended at 159 branches, inclusive of the 10 ISB branches.

Treasury Services Group

Treasury Services Group's main responsibility is to manage and balance the daily cash flow and liquidity of funds of the Bank. The group also handles the Bank's investments in securities and foreign exchange.

The general mission of TSG is to manage the liquidity of the Bank. This means that all current and projected cash inflows and outflows must be monitored to ensure that there is sufficient cash to fund company operations, as well as to ensure that the excess cash is properly managed and invested. TSG is divided into four sub-units namely:

1. Assets & Liabilities Management: manages the Bank's resources and identifies opportunities in the interest differential business;
2. Fixed Income Desk: monitors the daily movements of corporate bonds and US treasuries for investments and handles the trading of government securities and sovereign bonds;
3. Foreign Exchange Management Desk: oversees all foreign exchange transactions of PBB such as over-the-counter market for trading securities and interbank dealings; and,
4. Financial Market Sales and Distribution Unit: markets government securities and fixed income instruments to clients.

The group offers the following products and services:

- Philippine Domestic Dollar Transfer System – local transfer for US dollar;
- FX forward – hedging tools;
- Renminbi Transfer System - local transfer for Chinese yuan;
- Auto FX services – against USD;
- Telegraphic transfer - international cable transfer;
- Renminbi / CNY deposits;
- All other foreign exchanges, trade or non-trade related, and over-the-counter (OTC) whether against USD or PHP; and,
- Euro deposit (currently in the pipeline).

As the Bank continues to grow its balance sheet, available liquid capital, as well as its customer base, Treasury continues to be opportunistic in contributing to the Bank's profitability. This will be achieved through a combination of client flows as well as proprietary trading using the Bank's available liquidity.

Trust and Investment Center

Trust and Investment Center continued to grow its product suite of investment solutions ultimately helping its clients achieve their personal and financial goals, offering a wide array of products and services including escrows, insurance and pre-need trusts, unit investment trust funds (UITFs). TIC likewise endeavors to help its corporate clients recognize the value of establishing their own employee benefit trusts as a tool for employee retention, a solution they could access via TIC's retirement fund management service.

TIC continued to build on its substantial gains for the past 3 years and aims to further grow its business by being cognizant of the evolving needs of its clientele, along with targeted investments in systems and technology in line with the bank's digitization efforts.

Products and Services Offered

PBB is a thrift bank that offers a range of commercial and consumer or retail banking products, trust services, and other related financial services such as mail and telegraphic transfers, safety deposit facilities, payment services, among others.

Commercial banking services include term loans, working capital credit lines, bills purchase and discounting lines. PBB is the first thrift bank to be allowed by the BSP to issue foreign currency denominated letters of credit. The Bank also offers specialized loans for agriculture and programs of the Development Bank of the Philippines, the Social Security System, and other agencies.

Consumer banking loans include brand new and second-hand auto financing, home financing, and group salary or personal loans.

As part of its commercial and consumer banking activities, PBB offers various deposit products to both its commercial and individual clients. These products include Peso denominated current and savings accounts, foreign currency denominated savings accounts and both Peso and foreign currency time deposits.

The Bank's treasury manages the liquidity of PBB and is a key component in revenue and income generation through its investment and trading activities.

Products and services offered by PBB's trust operations include PBB's "Diamond Fund", a unit investment trust fund, investment management arrangements for both individual and commercial clients, escrow agency, security, safekeeping and depository arrangements, a funds management of employee benefit and pre-need plans, among other standard trust products and services.

Reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

In April 2008, the Bank entered into a purchase agreement with the shareholders of Kabalikat Rural Bank, Inc. ("KRBI") under which the Bank purchased 100 per cent of the stock, assets, and goodwill of KRBI. Through this transaction, PBB acquired the five (5) existing branches of KRBI and converted these into thrift bank branches. As an incentive, the BSP granted PBB the right to establish three (3) branches in Restricted Areas and 10 branches in non-restricted areas of the country. In October 2008 and March 2010, the BSP and the SEC respectively approved the merger.

In June 2015, the Bank entered into a purchase agreement with the shareholders of Insular Savers Bank, Inc. (A Rural Bank) (“ISB”) under which the Bank will purchase 100 percent of the stock, assets, and goodwill of ISB. This will help PBB establish a foothold in consumer loans and accelerate the Bank’s strategy of expanding client coverage. The BSP approved the merger of PBB and ISB on December 2018, with PBB as the surviving bank and by the Securities and Exchange Commission on June 2019. PBB and ISB commenced operations as a merged entity in July 2019.

In July 2015, the Bank entered into a purchase agreement with the shareholders of Bataan Savings and Loan Bank (“BSLB”) wherein the Bank purchased all of recorded properties, assets, and goodwill of BSLB. In October 2017, PBB consolidated its three (3) existing branches.

Distribution methods of the products or services

The Bank utilizes branches for the distribution of its deposit and loan products. The Bank has also divided its lending units to Corporate Banking Group, Commercial Banking Group, and Consumer Banking Group, working in partnership with the Branch Banking Group, to service the banking needs of its clients. In 2016, the Bank also established the Business Development Group, later renamed as Retail Sales Group, to supplement and complement the marketing and sales efforts of BBG. The Bank’s trust products are handled by its Trust and Investment Center while Treasury products are marketed by its Treasury Marketing and Sales Department of the Treasury Services Group.

Factors Affecting the Bank’s Results of Operations

Set out below are the most significant factors which have affected the Bank’s operating results in the past and which are expected to affect the Bank’s results in the future. Factors other than those set forth below may also have a significant impact on the Bank’s results of operations and financial condition in the future.

Interest Rates

Fluctuations in the interest rates in the market can have a material impact on the Bank by affecting its interest income, cost of funding as well as the general performance of the Bank’s loan portfolio and other assets. The profitability of the Bank depends on its ability to manage its assets and liabilities particularly during periods when interest rates are volatile. An increase in interest rates may adversely affect earnings as it results in a higher cost of funds for the Bank and portfolio value of its assets.

Regulatory Environment

The Philippine banking industry is a highly regulated sector whose operations are under the supervision of the BSP. The BSP formulates and implements regulatory policies and guidelines on capital adequacy, lending limits, anti-money laundering, management, loan loss provisioning and other aspects of a bank’s operations and monitors compliance thereon through on-site and off-site examinations of banks.

Competition

The Philippine banking sector is highly competitive and the Bank is subject to significant levels of competition from domestic and foreign banks. These banks may have more capital and other larger financial resources, bigger branch network or stronger brand recognition, among others, than the Bank. Some financial institutions may be able to offer more products and services, have higher lending limits, offer lower lending rates or possess stronger balance sheets. Competition has affected and will continue to affect the Bank's funding costs as well as the ability of the Bank to market its products and services and implement its business plans and adversely impact PBB's results of operations and financial condition.

In May 2012, Republic Act No. 10574 amended the existing Rural Bank Act of 1992 to allow foreign entities to own up to 60% of the equity in rural banks. Also as a result of this Act, it became possible for foreign nationals without Philippine citizenship to be elected to rural banks' boards of directors. These amendments to rural banking regulations were aimed at attracting foreign capital to the rural banking segment of the banking sector.

The BSP welcomes more foreign players into the local banking system, as the Philippines' financial industry remains a prime destination for international banks. Since the full liberalization of the local banking sector to foreign players in July 2014, foreign banks, particularly those coming from the region, have been coming to the country either to set up branches and/or other distribution channels or as investors in existing local banks.

Philippine and global economic environment

The Bank's business, operations and assets are based in the Philippines and hence, the results of operations and performance and quality and growth of PBB's assets depend, to a large extent, on the performance of the Philippine economy. The Philippine economy, in turn, has also been adversely affected by the downturn in the global financial markets as well as the slowdown in the U.S. economy brought about by the coronavirus disease 2019 pandemic. Monetary policies worldwide formulated in response to the financial crisis resulted in a decline in interest rates. The volatility of the global and domestic market may also affect the Bank's income and margins.

Sources and availability of raw materials and the names of principal suppliers

This is not relevant to the operations of the Bank.

Customer concentration

The Bank has a diversified customer base and there is no concentration of business in major client group. The Bank is not dependent on any single customer whose loss would have a material adverse effect on the Bank.

Transactions with and/or dependence on related parties

Although the Bank deals with related parties subject to existing rules on related party transactions, there is no dependency on any of its related parties.

Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held

The Bank has registered with the Intellectual Property Office of the Department of Trade and Industry its New Bank Logo and Business Connect. The Bank has not been involved in any disputes with respect intellectual property rights of other parties.

Government approval of principal products or services

The Bank has no outstanding application subject to government approval.

Effect of existing or probable governmental regulations on the business

The Philippine banking industry is a highly regulated sector whose operations are under the supervision of the BSP. The BSP formulates and implements regulatory policies and guidelines on capital adequacy, lending limits, anti-money laundering, management, loan loss provisioning and other aspects of a bank's operations and monitors compliance thereon through on-site and off-site examinations of banks.

Costs and effects of compliance with environmental laws

Not applicable.

Employees

As of December 31, 2020, the Bank has a total of 1,615 employees broken down into the following categories:

Executives	95
Managers – Operations and Support	356
Managers – Branch / Marketing	271
Staff	893
Total	1,615

For the ensuing twelve (12) months, the Bank anticipates to hire an additional 161 employees broken down as follows:

Senior Officers	7
Junior Officers	71
Staff	83
Total	161

There is no collective bargaining agreement between the Bank and any of its employees. None of the Bank's employees are affiliated with any labor union.

Financial Risk Management Objectives and Policies

PBB, as a financial institution, is in the business of taking risks. Its activities expose the Bank to various risks. Without risks, there may be no rewards. The ability to manage risks effectively is vital for the Bank to sustain its growth and continue to create value for its shareholders. Risk management allows balance between taking risks and reducing the impact of said risks to the bank operations. The Bank continually updates and improves on its risk management processes and integrate them into the overall strategic business objectives to support the growth objectives of the Bank.

PBB aims to achieve a corporate risk culture where processes and structures are directed towards the effective management of potential opportunities and adverse effects to the Bank's business, as well as optimization and protection of its capital base and earnings with all its risk-taking activities.

Risk management fundamentals:

1. Portfolio management by designated and accountable risk personnel
2. Allocation of capital based on associated risks for each business unit
3. Denotation of processes and output into quantifiable measurements
4. Transparency and meritocracy

Enterprise Risk Management Framework

The Bank's Enterprise Risk Management (ERM) Framework is an integrated approach to the identification, measurement, monitoring, control, and disclosure of risks. Capital allocation and preservation through prudent limits and stringent controls is an integral part of the governance structure. The Board of Directors formulates the corporate risk policy, sets risk tolerances and appetite, and provide risk oversight function through the Risk Oversight Committee, which in turn supervises the Chief Risk Officer and Head of the Enterprise Risk Management Group (ERMG) in the development and implementation of risk policies, processes and guidelines. The framework encompasses corporate governance and covers the risk spectrum of strategic, compliance, reputational, operational, market, liquidity, and credit. The ERM process flow is coordinated with all stakeholders of the organization and deploys three (3) lines of defense to ensure that the risk management objectives are achieved: management control, risk control & compliance oversight, and independent assurance.

Risk Management Process

The Bank envisions to achieve risk and return consciousness among employees, anchored on streamlined processes, reliable Management Information System, competent and responsible risk takers, and good internal control, monitoring and escalation system, and reward system to meritocracy. ERMG is tasked to institutionalize an effective risk management framework that will encompass the foregoing risk management processes.

1. Identify – defining the risk universe and identifying key risk exposures as to their relevance
2. Measure – quantifying extent of risk exposure on a specific and aggregate basis, and measuring probable impact to earnings, capital, and liquidity
3. Control – implementing the risk appetite of the Board through risk policies, and categorizing risks as to mitigation plans (eliminate, minimize, or retains risks)
4. Monitor and report – monitoring effectiveness of risk mitigation controls and reporting risk exposure levels and actions taken to appropriate bodies (Board, ROC, senior management),

for better risk governance

The Risk Oversight Committee, supported by ERMG and in constant coordination with executive and other board-level committees, oversees the risk profile and risk management framework/processes of PBB. This ensures that risks arising from the Bank's business activities are properly managed, integrated into, and used as basis for overall governance, strategy and planning, decision making and accountability purposes at all relevant levels of the organization.

ERMG, headed by the Chief Risk Officer, develops and reviews risk policies, and elevates to management the various aspects of risks being faced by PBB. In addition, it also performs an oversight and monitors the performance of the different Business Units thru various reports and tools.

The Bank's philosophy is that responsibility for risk management resides at all levels in the organization. All PBB employees are considered risk managers. The Bank's corporate governance aims to achieve corporate culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. ERMG shall continue to improve the framework in support of the Bank's strategic plans in order to achieve its mission, vision and objectives. Every organization's optimal efficiency depends heavily on the effectiveness of its risk management processes, thus, PBB's day-to-day activities are undertaken under the integrated risk management approach.

Further, the Bank incorporates the essential components of Model Risk Management framework as an integral process in risk management.

1st Line of Defense - Model Ownership (Modeler / User)	2nd Line of Defense - Model Control (Model Reviewer / Checker)	3rd Line of Defense - Model Validation (Model Validator)
<p>The role lies with the end-user which is primarily responsible for ensuring that the model is properly used as well as for reporting any errors and inconsistencies. Role specifically includes:</p> <ul style="list-style-type: none"> • More rigorous model testing during implementation phase. • Ongoing monitoring of model performance • Post implementation and testing. • Introducing an IT infrastructure allowing for model user feedback. 	<p>Conducts thorough inspection of model's quality by capturing potential operational errors and lapses. Adverse results should be coordinated with the modeler for correction and improvement or to the model validator for a more extensive review.</p>	<p>Function that oversees compliance with policies by the other two roles. The role is usually conducted by Compliance and / or Internal Audit Center. Role is:</p> <ul style="list-style-type: none"> • More focused on process and controls rather than model-level content. • Focused on assessment of the process for establishing and monitoring limits on model use. • Should conduct clear documentation of findings noted and reported to senior management and Board.

Risk Management Policies and Objectives

Credit Risk Management

Credit risk emanates from exposures to borrowing customers, counterparty risk in trading activities, and contingent credit risks arising from trade finance exposures.

The Bank's Credit Risk Management Framework seek to fundamentally strengthen credit risk management practices and provide minimum set of operating standards that are consistent with BSP regulations and the Basel standards. PBB is committed to adopt sound policies and practices and institutionalize these within the organization:

- Establish an appropriate credit risk environment
- Operate under a sound credit granting process
- Maintain an appropriate credit administration, measurement and monitoring process
- Maintain an appropriate control process

The Bank has instituted improvements on its credit policies, which includes large exposure and credit concentration. Credit process streamlining has also been initiated to ensure that commensurate controls are in place while the Bank continues to device ways to improve on its credit process.

The initial recognition of credit risk by individual or group of related counterparties is done via its internal credit risk rating system (ICRRS). The ICRRS is tailored to consider various categories of counterparty. The rating system is further supplemented with external data such as credit rating agencies' scoring information on individual borrowers.

The ICRRS is established by the Bank in congruence with and in reference to the credit risk rating methodology used by an established rating agency in measuring the creditworthiness of an individual borrower, whether the related borrowing is still performing or current in status. The risk ratings determined by the Bank for its portfolio of loans and receivables at a given review date is updated to consider the possible shift in the economy or business environment or circumstances affecting the industry and the entity or borrower, in particular. Accordingly, a periodic assessment of credit quality may improve the borrower's rating or it could lead to one or more rating downgrades over time. The credit risk ratings in ICRRS are calibrated such that the risk of default increases exponentially at each higher risk rating (e.g., a difference in the PD between risk ratings). Past due accounts, accounts identified for phase-out and those that exhibit the characteristics of classified loans and the loan loss provision of which are based on the loss given default.

Management considers additional information for each type of loan portfolio held by the Bank:

(i) Retail or Consumer Loans

Subsequent to initial recognition, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score. At the initial adoption of PFRS 9, the ECL parameters were carried on collective basis on shared credit risk characteristics of the borrowers and the repayment scheme of the products.

(ii) Corporate and Commercial Loans

For corporate and commercial loans, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information or credit assessments into the credit review system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as publicly available financial statements. This will determine the internal credit rating and the PD.

(iii) Debt Securities at Amortized Cost and at FVOCI

For the Bank's debt securities, credit ratings published by reputable external rating agency (such as S&P) are used. These ratings are continuously monitored and updated. The PD associated with each rating is determined based on realized default rates over the previous 12 months, as published by the rating agency.

In the process of applying the Bank's ICRRS in determining indications of impairment on individually significant items of financial assets at amortized cost and debt securities at FVOCI, the Bank analyzes the credit quality of the borrowers and counterparties through a set of criteria and rating scale classified into the following:

<u>Risk Rating</u>	<u>Rating Description/Criteria</u>
Excellent	Borrowers have very strong debt service capacity and have conservative balance sheet leverage
Strong	Borrower normally has a comfortable degree of stability, substance and diversity
Good	Borrowers have low probability of going into default and bear characteristics of some degree of stability and substance though susceptible to cyclical changes and higher degree of concentration of business risk either by product or by market
Satisfactory	Borrowers where clear risk elements exist and the probability of default is somewhat greater
Acceptable	Borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within acceptable period can be expected
Watch list	Borrowers for which unfavorable industry or company-specific risk factors represent a concern.

Classified accounts or accounts already in default as defined are further mapped into BSP classification of non-performing accounts as follows:

Especially Mentioned	Has potential weaknesses that deserve management's close attention and if left uncorrected, these weaknesses may affect the repayment of the loan
Substandard	Have well-defined weakness/(es), that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower
Doubtful	Loans and credit accommodations that exhibit more severe weaknesses than those classified as "Substandard", whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable
Loss	Loans considered absolutely uncollectible or worthless

Credit exposures shall be regularly assessed and loan loss provision be recognized in a timely manner to ensure that capital is adequate to support such risk exposure. To ensure that this is rationally implemented, the Bank developed and adopted an internal expected credit loss methodology described herein.

Loan Loss Methodology (LLM)

This is a methodology for calculating expected credit loss of each exposure. The internal LLM consists broadly of three (3) major components of which one emanates from the ICCRS and the other is based on historical recovery rate on credit facilities while the last is the credit exposure at any given time. The probability of default (PD) depends on the risk rating of the borrower while the other components are the loss given default on facilities and the exposure at default. There are three stages of impairment recognition pursuant to IFRS 9/PFRS 9 as follows:

- Stage 1 – at the origination stage
- Stage 2 – performing but there is occurrence of loss event
- Stage 3 – financial assets considered credit impaired.

Under Stage 2, the lifetime probability of default is used instead of the regular PD.

For Stage 3 accounts the Bank has a supplementary policy for Remedial and Timeline Recovery Program. Accounts beyond recovery period will merit 100% loan loss provisioning

For purposes of Expected Credit Loss (ECL), forward-looking information mainly economic indicators such as unemployment rate, inflation, interest rate, GDP and other macro-economic variables from BSP are incorporated into both assessments of whether the credit risk of loan exposure has increased significantly since its initial recognition and its measurement. Due to

the limitation in which the models may not be able to capture relevant information, an overlay in the form of weights assigned to worst, likely and best are used in the final ECL factor.

Market and Liquidity Risk Management

Market risks are risk to earnings and capital arising from market-making, dealing, and position taking in interest rate and foreign exchange markets (both for on and off-balance sheet). Liquidity risk on the other hand, is the inability of the Bank to fund increases in assets, or liquidate assets and meet obligations as they fall due (funding liquidity risk and market liquidity risk).

To measure market and liquidity risk exposure, the PBB utilizes the following metrics:

<i>Metrics</i>	<i>Risk Area</i>	<i>Description</i>
VaR	Market risk	Expected loss on a position from an adverse movement in identified market risk parameter(s) with a specified probability over a nominated period of time.
Earnings-at-Risk	IRBB	Measures the amount of potential loss to net interest income as a result of projected change in interest rates over the next 12 months. This involves balance sheet items that are classified according to their repricing characteristic/behavior as bucketed in the Interest Rate Gap report
Economic Value of Equity (EVE)	IRBB	The EVE measure gauges the potential impact of change in interest rate on the Fair value of the Bank's asset and liabilities
Maximum Cumulative Outflow	Liquidity risk	The Maximum Cumulative Outflow (MCO) measures the amount of prospective funding that the Bank would require at assumed future movements of on and off-balance sheet assets and liabilities taking into consideration the behavior of accounts as to roll-over, pre-termination, as well as the core deposits. This shall be prepared separately for the Peso, Dollar, and Consolidated Books.
Stress testing	All risk areas	To measure the impact of abnormal and extreme events on the Bank's market risk exposures. Also includes statutory requirements for Universal Banks in terms of liquidity (i.e. LCR, NSFR)

Starting January 1, 2018, PBB has adapted PFRS 9 (as replacement for PAS 39). Pursuant to PFRS 9 in managing financial assets, the Bank adopts the following business model:

Of the total funds allotted to Treasury, the following would be the distribution:

- a. Resources for its trading activities will be allocated and classified as Financial Assets measured at Fair Value through Profit and Loss (FVPL).
- b. Resources for interest income generating activity that will include interbank call loans and reserve eligible financial instruments will be allocated and classified as Financial Assets measured at Amortized Cost (HTC).
- c. While the primary purpose of FVOCI securities is for interest accrual, securities under this category will also be used in case of liquidity needs.

Business Model	Key Features	Measurement Category
Hold to Collect (HTC)	The objective of the business model is to hold the assets to collect contractual cash flows	Amortized Cost
Fair Value Through Other Comprehensive Income (FVOCI)	The objective of the business model is achieved both by collecting contractual cash flows and selling financial assets; and the asset's contractual cash flows represent Strictly Payment of Principal plus interest (SPPI)	Fair Value with Unrealized Gain/Loss as Other Comprehensive Income (Capital Account)
Fair Value through Profit and Loss (FVPL)	This is the residual category. Financial assets should be classified as FVPL if they do not meet the criteria of FVOCI or amortized cost (HTC)	Fair Value

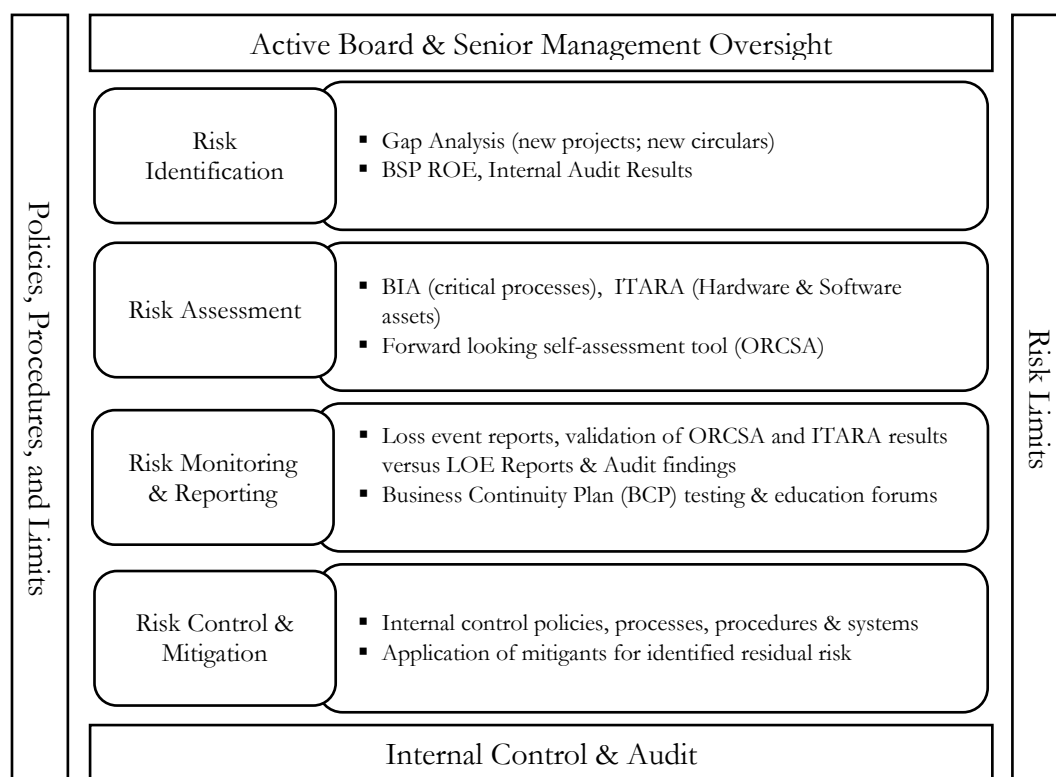
Operational Risk Management

Operational risk covers potential losses other than market and credit risk arising from failures of people, process, systems and information technology, and external events

The Bank has partially automated the front-office, back office, and middle office operations as part of streamlining operations procedures to mitigate operational risks. For treasury operations, this includes the integration of pre-deal limit checking, on-demand position monitoring, automated limit reporting and breach approval, and automated value-at-risk (VaR) calculations. In addition to the automation, the Bank continues to review its limits system to ensure that it only enters into transactions allowed under its existing policies and that adequate capital is available to cover risk exposures.

In strengthening the risk assessment and implementation of controls in the operations of Philippine Business Bank, the following were implemented:

Enhanced IT and Operational Risk Management Framework



In terms of IT Enabled solutions, an enterprise-wide *Operations Gap Analysis* was conducted to identify the solutions that can narrow the gaps that expose the bank operations to risks.

The institutionalized *Operational Risk and Control Self-Assessment (ORCSA)* was enhanced in alignment with the objectives of achieving a more reliable and representative assessment results.

To appropriately support the *Business Continuity Plan (BCP)* of the bank, a *Business Impact Analysis (BIA)* methodology was developed and implemented to accurately identify critical processes and logistical requirements to manage business disruptions. More importantly, the BIA exercise aims to revisit the critical activities' *Recovery Point Objective (RPO)* that will dictate the data recovery strategy of the bank.

Finally, the automated *Loss Event Reporting* was expanded to cover all business groups.

For *Information Security Risk Management*, baseline information security policies were developed and implemented.

A working IT Steering Committee is dedicated to oversee the automation program of the Bank to ensure that operating environment becomes competitive, advanced and up to the global standards and ready to digital communication challenges.

Capital Adequacy Management

The Bank's ability to sustain operations and engage in various risk-taking activities within the capital adequacy framework is the foremost risk management objective. PBB aims to sustain capital adequacy beyond what's prescribed by the BSP and the Basel standards. Towards this goal, capital charge allocation is part of the risk and reward metrics. The risk weighted assets must be supported by ample risk capital at all times.

Item 2. Properties

The Bank owns the land and building on which its head office is located. The head office is a four-story building located on a 1,300 square meter property along Rizal Avenue, Grace Park, and Caloocan City. The Bank also owns the land and premises on which eight (8) of its branches are located, specifically, PBB's branches in Paso de Blas in Valenzuela, Imus and Kawit in Cavite, Muzon in San Jose del Monte Bulacan, Limay in Bataan, Subic in Zambales, General Tinio in Nueva Ecija, and the main office branch in Caloocan City.

The land and premises where PBB's other branches are located are leased from various property owners. Such lease agreements are typically long term in nature, with durations of five (5) years or more. The Bank has entered into lease agreements with the following parties:

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
	Caloocan Region				
1.	Main Office Branch	Bank's Property			
2.	Grace Park	SMI Development Corporation	August 17, 2023	137,004.67	5% on 3 rd yr. & every yr thereafter
3.	A. Mabini C-3	Marea Ventures Corp.	May 31, 2024	93,430.26	5% annually
4.	Camarin	Luwel Realty & Development Corporation	May 31, 2024	55,739.65	5% annually
5.	Edsa-Kalookan	Solmac Marketing Inc.	March 31, 2027	63,180.75	7% on 3 rd , 5 th , 7 th , & 9 th
6.	Edsa-Monumento	New MBS Marketing Corporation	June 31, 2021	67,000.00	Extension of lease
7.	Kaybiga	Guilmar Marble Corporation	October 20, 2025	54,091.88	5% annually
8.	Samson Road	Oscar F. Tirona	September 30, 2024	67,382.70	10% annually
	Manila Region				
1.	Binondo Corporate Center	Philippine-Chinese Charitable Association, Inc.	September 30, 2024	136,410.20	10% every other 2 yrs
2.	Carmen Planas	Zaldra Realty Development Corporation	December 31, 2024	82,958.31	5% annually
3.	Elcano	Lowella Sy Sael	August 31, 2024	112,850.16	5% annually
4.	Jose Abad Santos	Virgilio Ting Uy	December 15, 2023	78,750.00	5% on 3 rd year & every yr thereafter
5.	Quintin Paredes	Downtown Realty Investment Corporation	June 30, 2025	248,273.00	7.5% every other year
6.	Adriatico-Malate	Evangeline T. Lim	December 31, 2022	156,791.20	5% on 3 rd year & every year thereafter

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
7.	Pasay	Mayson Realty Corporation	August 14, 2023	60,637.50	5% annually
8.	Pasay-Malibay	M. Ainsley Realty Corporation	December 31, 2023	82,950.00	5% on 3 rd year & every year thereafter
9.	Paterno-Quiapo	Edilberto Pontillas	June 30, 2023	120,608.61	5% annually
10.	Pedro Gil-Paco	Stephen, John, David, Luther, Grace all surnamed TIU	July 27, 2022	107,207.66	5% annually
	Northern Metro Manila Region				
1.	Malinta	Cesar L. Flores & Marciana M. Flores	July 15, 2021	57,881.25	5% on 3 rd year & every year thereafter
2.	Malabon	J2NS Property Development, Inc.	July 31, 2023	95,040.00	8% on 3 rd year & every year thereafter
3.	Malabon-Rizal Avenue	Flaviano G. Felizardo III	August 18, 2026	40,000.00	None
4.	Navotas	Megarite Development Corporation	December 31, 2024	51,104.28	10% 1st year/ 7% 2nd & 3 rd / 5% 4 th & 5 th
5.	Paso de Blas	Bank's Property			
6.	Valenzuela	PSL Prime Realty Corporation	July 31, 2023	122,362.55	5% annually
7.	Baliuag	Danilo S. Santos	December 31, 2022	73,300.28	5% annually
8.	Bocaue	Joel G. Castillo and Cynthia G. Castillo	December 31, 2023	51,051.26	5% annually
9.	Malolos	DJ Paradise Resort Inc.	December 31, 2024	37,866.23	5% annually
10.	Meycauayan	I.S. Properties, Inc.	December 31, 2025	72,930.37	5% annually
11.	Muzon	Bank's Property			
12.	Sta. Maria	Angelika Halili Cruz	September 30, 2022	49,555.63	5% on 3 rd yr. & every yr thereafter
13.	Angeles	AJV Investment Holdings, Inc.	June 30, 2028	41,905.36	5% on 3 rd yr. & every yr thereafter
14.	Cabanatuan	Angel S. Pascual	January 15, 2024	74,981.54	5% annually
15.	Gapan	Veronica, Albino, Digna, Gregorio, Elizabeth(all surnamed Del Fonso)	November 1, 2023	57,271.59	beg.2 nd yr 5% up 5 th 6.5%-6th-10th 8%-11th-15 th
16.	Gen. Tinio	Bank's Property			

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
17.	Olongapo City	Sps. Wilson W. Chieng and Betty Chieng	July 31, 2021	97,240.50	5% annually
18.	San Fernando	JTG Sears Realty Corporation	April 30, 2022	73,205.00	10% annually
19.	Balanga	Melencio A. Unciano, Jr.	October 31, 2024	76,576.89	5% annually
20.	SBMA-Subic	Subic Creative Center, Inc.	May 31, 2023	93,245.84	134.36sq.m. First Year (2020-2021) Php 680.68 Second Year (2021-2022) Php 714.71 Third Year (2022-2023) Php 750.45
21.	Limay	Bank's Property			
22.	Subic-Zambales	Bank's Property			
23.	Dinalupihan	Julieta Lintag Reyes (Attorney-In-Fact)	September 30, 2023	33,075.00	5% annually
24.	San Fernando-San Agustin	Purificacion T. Tanglao	June 30, 2021	80,000.00	6 mos. extension
25.	Baliuag- B.S. Aquino	Sps. Cesar C. Cabreros & Elenita S. Cabreros	<i>Under negotiation</i>		
26.	Navotas-M.Naval	Roberto S. Sylianteng/Caesar S. Sylianteng/Clarita S. Tang/ Gloria S. Lim	March 31, 2021	38,000.00	Indefinite percentage
Eastern Metro Manila Region					
1.	Greenhills	LGI Group Corporation	May 31, 2022	106,590.00	None, straight 5 years
2.	Mandaluyong	Antonio H. Yap	December 31, 2022	112,149.54	5% annually
3.	Ortigas	CW Marketing and Development Corporation	June 14, 2025	79,129.68	5% on 2 nd yr & every year thereafter
4.	Pasig Blvd.-Kapitolyo	Dhondup Holdings Inc.	April 14, 2020	71,518.70	5% annually
5.	Antipolo	Megathon Properties, Inc.	August 14, 2023	85,354.56	5% annually
6.	Cainta	Molks Realty Development Corp.	September 14, 2023	83,085.93	5% annually
7.	Marikina	Heirs of Amelia M. Diguanco	September 30, 2021	98,398.13	5% on 3 rd year & every yr thereafter
8.	Concepcion-Marikina	Mark William Pua Uy	August 14, 2023	72,930	5% every 2 years

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
9.	Antipolo-Masinag	Rikland Property Leasing	December 20, 2021	72,336.22	5% annually
10.	Taytay	Estelita M. Felix	October 31, 2024	93,114.00	5% annually
11.	Ortigas Ave. Ext.-Cainta	Decoro General Construction and Trading Corporation	January 31, 2022	58,563.75	5% annually
12.	Gil Fernando Ave.- Marikina	UPA WRC development Company	October 15, 2024	79,380.00	5% annually
	Central Metro Manila Region				
1.	Commonwealth-Fairview	Frederick C. Ibay	December 1, 2021	88,647.34	5% annually
2.	Cubao	RSAG Building Management Services	August 15, 2025	85,000.00	5% annually
3.	Novaliches	Luwell Realty & Development Corporation	September 30, 2024	105,878.17	5% annually
4.	Timog-Rotonda	A.A. Tanco, Inc.	November 30, 2023	107,207.66	5% annually
5.	Banawe	Solmac Marketing Inc.	April 30, 2025	107,207.66	5% annually
6.	Banawe-Kaliraya	Mary Ty Tan	June 14, 2018 (with letter to extend lease)	92,610.00	5% on 3 rd yr. & every yr thereafter
7.	Congressional Avenue-Quezon City	Hedelita Cleofas Diaz, Herminio Cleofas, Jhoana Lyn Cleofas, Joisa Fatima Cleofas, Benancia Cleofas AKA Melicia Cleofas	December 31, 2021	146,410.00	10% annually
8.	Del Monte	Cheung's Development Corporation	<i>Under negotiation</i>		
9.	Retiro	Doña Ignacia Development Corporation	May 21, 2023	72,257.63	5% annually
10.	Roosevelt	Henry Tan Villasi	November 14, 2021	40,280.66	Yearly renewal
11.	West Avenue	Fiorino Development Corporation	June 22, 2022	63,016.40	5% on 3 rd yr. & every yr thereafter
12.	Kamias-Anonas	Citi Property Management and Realty Corporation	<i>Under negotiation</i>		
13.	Quezon Avenue	Comworks, Inc.	November 18, 2024	182,497.93	4% on the 3 rd year & every year after

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
	Southern Metro Manila Region				
1.	Legaspi Village-Makati	Andrea L.Dulalia	January 14, 2022	107,223.39	5% annually
2.	Makati	AMY Leasing Company	January 1, 2024	179,585.64	5% annually
3.	Salcedo Village-Makati	Lacelli International Corporation	July 31, 2022	160,409.46	5% annually
4.	Sucab-Parañaque	Jaka Investments Corporation	February 14, 2022	98,310.96	None
5.	The Fort	Megaworld Corporation/Bonifacio West Dev't Corp.	<i>Under negotiation</i>		
6.	Dasmariñas-Cavite	Jica Land Developers Inc.	September 30, 2023	59,850.00	5% on 3 rd yr and every yr thereafter
7.	Imus	Bank's Property			
8.	Las Piñas	Omni Investment Bldg	February 26, 2024	83,085.93	5% on 3 rd year & every yr thereafter
9.	Madrigal Business Park	Solid Gold Realty Corporation	August 25, 2021	85,323.04	5% annually
10.	Muntinlupa	Sps. Sturnino L. Baccay & Katherine C. Baccay	October 1, 2021	77,142.86	5% annually
11.	Molino-Bacoor	SolaGrande Realty Corporation	June 30, 2024	68,499.38	5% annually
12.	Trece Martires-Cavite	Virginia P. De Guzman	July 15, 2020	40,516.88	5% on 3 rd yr and every yr thereafter
13.	Carmona-Cavite	Jupan C. Lim	October 31, 2020	month to month basis	for relocation
14.	Kawit	Bank's Property			
15.	Binakayan	Philippine National Railways	December 31, 2020	no contract of lease	Month to month payment
16.	Better Living-Parañaque	Lauan Commercial Corporation	December 31, 2025	69,457.50	5% on 3 rd yr and every yr thereafter
17.	Bonifacio Global City	MC Home Depot (Fort Bonifacio), Inc.	December 31, 2023	122,152.57	5% annually
18.	Aseana City-Paranaque	Ri-Rance Realty Corporation	May 14, 2023	139,406.70	5% on the 3 rd year
19.	Bonifacio Global City- Net Plaza	14-678 Property Holdings, Inc.	March 14, 2022	203,842.49	7% annually

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
20.	Makati- Aguirre	St. Francis Square Development Corporation			<i>Under negotiation</i>
	Northern Luzon Region				
1.	Cauayan	Jolilyn A. Guy	April 30, 2023	88,200.00	5% annually
2.	Laoag City	Laoag Allied Realty and Development	September 30, 2021	98,398.13	5% on 3 rd year & every yr thereafter
3.	Tuguegarao	Lorita C. Corral	September 15, 2023	83,427.64	5% annually
4.	Santiago	Sps. Manuel Salvador N. De Vera and Bonalet M. De Vera	June 30, 2024	78,750.00	5% annually
5.	Vigan	Juvencio L. Pe Benito	June 30, 2024	55,000.00	10% on 3 rd yr. Only
6.	Baguio	Atty. Ernesto Ll. De los Santos	August 24, 2024	91,261.68	5% on 2 nd year & every 2 yrs thereafter
7.	Dagupan	Wilson Dy	April 14, 2022	101,869.16	5% on the 3 rd year
8.	La Union	Rome Development & Management Corp.	August 14, 2024	73,500.00	5% annually
9.	Tarlac	Edward Allan H. Que	July 31, 2022	66,150.00	5% on 3 rd yr. & every yr thereafter
10.	Urdaneta	Gold and Chimes Realty Corporation	February 1, 2022	81,427.55	5% every 2 years
11.	Tarlac-Paniqui	Green Field Miracle Realty Development Corporation	January 15, 2025	47,358.56	5% on 3 rd yr. & every yr thereafter
12.	Benguet-La Trinidad	Jerricon Ang Tiong and Janesa Ang Tiong	February 15, 2022	71,962.62	One year extension
13.	Pangasinan-Lingayen	Carmen E. Dyliacco, Piedad E. Dyliacco & Montserrat S. Escano	October 31, 2025	64,422.75	5% annually
14.	Candon-Ilocos Sur	Bienvenido Gabayan	October 31, 2025	73,684.21	Fixed for 5 years
15.	Solano	Antonio, Jacinto, William and Ramon, all surnamed Uy Lim	May 31, 2023	55,125.00	5% annually
16.	Calasiao-Pangasinan	Bonbryan D. Velasco	March 31, 2024	45,000.00	5% on 3 rd year & every yr thereafter

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
	Southern Luzon Region				
1.	Batangas	Sps. Jose Q. and Helen S. Cifra	July 31, 2022	88,045.65	5% on 3 rd yr and every yr thereafter
2.	Lipa City	Reynato D. Goce	August 15, 2022	93,837.58	5% on 3 rd yr and every yr thereafter
3.	Tanauan	RNT Enterprises	August 15, 2023	91,892.27	5% annually
4.	Calapan	Mila S. Tolentino, Amado S. Tolentino Jr. and Lita S. Tolentino	May 22, 2024	51,051.26	5% annually
5.	Calamba	Nelson Lu & Josie T. Lu	December 31, 2025	88,647.34	5% on 3 rd yr and every yr thereafter
6.	Lucena City	Amalia Garana-Italia	November 2, 2022	60,637.50	5% on 3 rd yr and every yr thereafter
7.	San Pablo	Albrighton Corporation	October 15, 2023	75,708.68	5% on 4 th yr and every yr thereafter
8.	Sta. Rosa	Philippine Seven Corporation (Sub Lessor)	February 28, 2023	123,661.89	7.5% on the 2 nd yr & every yr thereafter
9.	San Pedro	Lily Tsang Ngo	March 31, 2023	104,462.40	5% from the previous
10.	Legazpi City	Natividad M. Sison	August 15, 2022	63,814.08	5% on 3 rd year & every yr thereafter
11.	Naga	Peterson Resources and Holding Inc.	February 28, 2022	63,814.08	5% on 3 rd year & every yr thereafter
12.	Sorsogon	Sorsogon Chang Kai Shek School	September 30, 2023	73,538.13	5% on 3 rd yr and every yr thereafter
13.	Puerto Princesa Palawan	Sps. Allan and Dawn Carlos	June 30, 2023	89,302.50	5% annually
14.	Iriga-Camarines Sur	Arnel H. Tan	March 31, 2025	66,852.85	5% on 3 rd yr and every yr thereafter
15.	Biñan-Laguna	Abbie Lane M. Perez	May 30, 2025	57,881.25	5% annually
16.	Calamba Crossing	Marcelita Realty Corporation	<i>Under negotiation</i>		Extension of lease
17.	Legazpi-Rizal	Costa Verde Development Corporation	April 30, 2022	43,469.25	10% on the third year
18.	Balayan	Mafel Cayabyab Alvez	June 30, 2024	94,736.84	Fixed for 5 years

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
	Visayas Region				
1.	Bacolod	T.U. Realty & Development Co., Inc.	June 30, 2024	100,980.00	5% on 3 rd yr and every yr thereafter
2.	Iloilo	Muzon San luis Property, Inc.	January 31, 2024	59,559.81	5% on 3 rd year
3.	Iloilo- Donato Pison	Greenzone Realty and Development Corporation	November 30, 2023	94,199.00	5% on 3 rd yr and every yr thereafter
4.	Kalibo	Lawrence Ti Lu	September 5, 2023	91,431.71	7% annually
5.	Downtown-Cebu	P2P Property Ventures, Inc.	May 14, 2024	81,023.32	7.5% on the 3 rd yr & every yr thereafter
6.	Lapu-Lapu City	Antonio Amistad	February 15, 2022		
7.	Mandaue	Lester & Lesley To Chip	March 31, 2024	73,872.77	5% on 3 rd year
8.	Tacloban	Tacloban Buddhist Temple, Inc.	May 30, 2023	70,000.00	5% on 3 rd yr and every yr thereafter
9.	Tagbilaran	EB Gallares Properties Associates, Inc.	October 31, 2022	103,254.44	5% annually
10.	Consolacion-Cebu	1028 Realty Corporation	November 30, 2024	74,553.99	5% annually
11.	Cebu-Talisay	Dynasty Management and Development Corporation	September 30, 2025	55,126.94	5% on 3 rd yr and every yr thereafter
12.	Cebu-Escario	Nicris Dev., Corp.	June 18, 2025	75,645.00	5% annually
13.	Cebu-Banilad	SmartGlobal Holdings Inc.	June 30, 2025	87,418.05	3% annually
14.	Roxas City	Maria Rosario Susan J. Sanson	November 15, 2020	70,673.00	5% annually
15.	Boracay	Sps. Larry & Annie Barbasa	<i>For closure</i>		
16.	Ormoc	Raquel Codilla Abucay and Lydia Codilla Abastillas represent as the Trustees of Narcisa Codilla Enterprises Inc.,	June 1, 2023	66,000.00	10% every other 2 yrs
17.	Catbalogan	Ramon L. Rosales	July 30, 2023	52,000.00	Fixed for 5 years
18.	Iloilo-Jaro	Rosman Iloilo, Inc.	September 15, 2021	62,511.75	5% on 3 rd yr and every yr thereafter
	Mindanao Region				
1.	Bajada, Davao	Davao City Chamber of Commerce & Industry Inc.	<i>For relocation</i>		

	REGION	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
2.	Davao-Sales	JM Agro Industrial Trading Corporation	<i>Under negotiation</i>		
3.	General Santos	Firenzo Property Dev't/GSC Suncity Suites	September 16, 2025	80,041.50	5% on 3 rd year and 5 th year
4.	Davao-Lanang	Binansel Inc.	May 31, 2024	70,000.00	Additional P5,000 on the 3 rd yr and every year after
5.	Davao-Toril	Far East Noble House, Inc.	<i>Under negotiation</i>		
6.	Tagum City-Davao	Albert L. Ng	December 15, 2024	65,000.00	Fixed for 5 years
7.	General Santos-Santiago Blvd.	Asaje Realty Corporation	December 15, 2024	78,507.38	5% 1st, 2nd & 3rd; 7.5% 4th & 5th
8.	Butuan	FG Ever, Inc.	December 25, 2021	76,768.81	5% annually
9.	Cagayan de Oro	Leo Boyd Casiño and Bernard M. Casiño	May 31, 2024	52,500.00	5% annually
10.	Cagayan de Oro-Cogon	Alice LL. Andrada, Inc.	December 31, 2022	69,457.50	5% on 3 rd yr and every yr thereafter
11.	Iligan City	Sps. Glen and Marissa Doromal	March 31, 2024	45,000.00	5% annually
12.	Zamboanga	Wee Agro Industrial, Inc.	September 5, 2023	72,930.38	5% on 3 rd yr and every yr thereafter
13.	Ozamis	The Insular Life Assurance Company, LTD	July 15, 2024	53,531.05	5% annually
14.	Dipolog	Johnny A. Lim	September 30, 2024	90,000.00	Fixed
15.	Dumaguete	Maximo P. Tan, Jr.	December 15, 2024	72,000.00	5% annually
16.	Davao-Panabo	Asaje Realty Corporation	January 15, 2025	76,466.28	5% on 3 rd yr and every yr thereafter
17.	Surigao City	Engr. Leonel A. Santos	July 31, 2025	55,660.00	10% on 3 rd yr and every yr thereafter
18.	Davao-C.M. Recto	JR Lacuesta Properties Development Corp.	August 31, 2025	68,676.10	5% annually

Based on prevailing costs, the Bank estimates that the development of a new branch costs approximately between ₱5 million to ₱10 million for leasehold improvements, IT infrastructure, and miscellaneous supplies. Leasehold improvements of a branch are typically amortized over the term of the lease while IT investments are amortized over a period of five (5) years.

The Bank believes all its facilities and properties are currently in good condition.

Item 3. Legal Proceedings

The Bank has no proceedings that involves a claim for damages that exceed 10% of the current assets of the Bank.

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

There were no matters submitted to vote security holders, through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The Bank is listed on the Philippine Stock Exchange (the “PSE”) with a market capitalization of ₱6.63 billion as of April 13, 2021. The high and low prices of the Registrant’s shares as of April 13, 2021 were at ₱10.40 and ₱10.06 and closed at ₱10.30. The high and low sales prices for each quarter within the last two fiscal years are as follows:

	2019		2020		2021	
	Low	High	Low	High	Low	High
1Q	11.98	15.00	5.32	13.30	9.41	12.50
2Q	12.90	14.00	8.21	10.00		
3Q	12.00	13.26	7.88	9.88		
4Q	12.02	13.18	8.57	13.46		

Holders

As of December 31, 2020, the following are the holders of record of the Bank’s common shares as set forth in the table:

Name	Holidngs	Rank
Alfredo M. Yao	239,838,309	37.26%
PCD Nominee Corporation - Filipino	218,718,375	33.98%
Zest-O Corporation	162,052,923	25.17%
PCD Nominee Corporation - Non Filipino	8,780,709	1.36%
Armando M. Yao	1,620,537	0.25%
Erlinda M. Yao	1,620,536	0.25%
Jeffrey S. Yao	1,620,536	0.25%
Leticia M. Yao	1,620,536	0.25%
Mary Grace S. Yao	1,620,535	0.25%
Carolyn S. Yao	1,620,535	0.25%
Roberto L. Obiedo	506,250	0.08%
James G. Dy	468,750	0.07%
Roberto Lee Obiedo	375,000	0.06%
Peter Y. See	375,000	0.06%
Siot Keng Go Dy	375,000	0.06%
Julian Lu	375,000	0.06%
Johnny Chan	187,500	0.03%
Jimmy Wai Piu Ng	187,500	0.03%
Eusebio S. Go	187,500	0.03%
Antonio D. Tan &/or Caridad Tan	187,500	0.03%
Others	1,411,563	0.22%
Total	643,750,094	100.00%

On November 16, 2012, the SEC approved PBB's application for the amendment of its articles of incorporation to increase its authorized capital stock from ₱3.0 billion to ₱10.0 billion and for a decrease in par value from ₱100 to P10.00.

On January 24, 2019, the Board of Directors approved the increase of PBB's authorized capital stock to ₱20.0 billion from ₱10.0 billion, subject to the approval of BSP and SEC. PBB is increasing its authorized capital stock in preparation for an enlarged shareholders' equity base. This will greatly expand the Bank's capability to develop more businesses and harness opportunities in the financial services space. The increase will enable PBB to meet the growing demands of the banking business.

Dividends

PBB is authorized under Philippine laws to declare dividends, subject to certain requirements. The Board is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination thereof as may be determined by the Board. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of PBB's outstanding capital stock. The Board may not declare dividends which will impair its capital.

Pursuant to Republic Act 8791 and as provided for in the Manual of Regulations Banks, PBB cannot declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. PBB cannot likewise declare dividends, if at the time of its declaration it has not complied with the following:

- a) Its clearing account with BSP is not overdrawn;
- b) BSP's liquidity floor requirement for government funds;
- c) BSP's minimum capitalization requirement and risk-based capital ratio;
- d) Prescribed EFCDU/FCDU cover consisting of 30 per cent liquidity cover and 100 percent asset cover
- e) Statutory and liquidity reserves requirement;
- f) It has no past due loans or accommodation with BSP or any institutions;
- g) It has no net losses from operations in any one or two fiscal years immediately preceding the date of dividend declaration;
- h) It has not committed any of the major violations enumerated in the Manual.

The Manual provides that banks whose shares are listed in the Philippine Stock Exchange may give immediate notice of such dividend declaration to SEC and PSE; provided that no record date shall be fixed for such dividend declaration pending verification by the appropriate department of the BSP.

As of this date the Bank has not adopted a specific dividend policy which defines a minimum percentage of net earnings to be distributed to its common shareholders.

On July 16, 2012, the Bank's shareholders and Board of Directors approved the declaration of stock dividends amounting to ₱2.0 billion from its unrestricted retained earnings. In the same meeting, the Board also approved the payment of cash dividends to the preferred shareholders in the total amount of ₱100.35 million. Payment of these dividends were approved by BSP and SEC. On November 16, 2012, the Bank obtained approval for the issuance of 200,000,000 new common shares each at a par value of ₱10.00, in relation to this stock dividend declaration and the payment of cash dividends to the preferred stockholders.

On May 5, 2014, the BOD approved the declaration of cash dividends amounting to ₱62.3 million for all issued and outstanding preferred shares and stock dividends totaling 85.8 million common shares amounting to ₱858.3 million for all issued and outstanding common shares to stockholders on record for the year ended December 31, 2013. The dividend distribution was approved by the stockholders representing at least two-thirds of the issued and outstanding capital stock and the BSP on May 30, 2014 and June 26, 2014, respectively.

On August 19, 2015, the BOD approved the declaration of stock dividends amounting to ₱1.1 billion for all issued and outstanding common shares totaling 107.3 million common shares to stockholders on record for the year ended December 31, 2014. The dividend distribution was approved by the stockholders representing at least two-thirds of the issued and outstanding capital stock and the BSP on May 29, 2015 and August 4, 2015, respectively.

On March 15, 2017, the BOD approved the declaration of 20% stock dividends amounting to ₱1.1 billion for the Bank's 536.5 million common shares.

On May 22, 2019, the Bank's BOD approved the declaration of cash dividend on preferred shares amounting to P198.0 million, which was fully paid on July 12, 2019. The dividend was based on the cumulative balance of the outstanding preferred shares for the years 2014 to 2018.

There has been no stock options offered by the Bank.

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

A. Financial Performance

For the calendar year ended December 31, 2020 and 2019:

	For the calendar period ended				
	12/31/2020	12/31/2019	Variance	%	
Interest income	₱ 7,103,153,357	₱ 7,094,201,314	₱ 8,952,043		0.1
Interest expense	(1,475,578,031)	(2,543,220,573)	1,067,642,542		(42.0)
Net interest income	₱ 5,627,575,326	₱ 4,550,980,741	₱ 1,076,594,585		23.7

Overall interest income slightly grew by 0.1% as interest income on loans and other receivables declined by 1.6% as a result of the pandemic. Interest income on due from BSP and other banks contributed ₱92.1 million to the total increment while interest income on trading securities added ₱23.6 million.

Interest expense was lower in 2020 due to the declining trend of interest rates as a result of the pandemic. Interest expense on deposit liabilities posted a 46.4% decline from ₱2,336.6 million in 2019 to ₱1,252.0 million in 2020. Interest expense in bills payable was also lower by 77.7% than 2019 as bills payable have matured as of end 2020.

As a result, net interest income increased to ₱5,627.6 million in 2020 from ₱4,551.0 million in 2019, up 23.7%.

	For the calendar period ended				
	12/31/2020	12/31/2019	Variance	%	
Core income					
Net interest income	₱ 5,627,575,326	₱ 4,550,980,741	₱ 1,076,594,585		23.7
Service charges, fees and commissions	346,623,801	348,810,364	(2,186,563)		(0.6)
Miscellaneous	73,642,094	155,562,175	(81,920,081)		(52.7)
	6,047,841,221	5,055,353,280	992,487,941		19.6
Non-interest expenses	(3,264,120,184)	(3,093,751,111)	(170,369,073)		5.5
Core income	₱ 2,783,721,037	₱ 1,961,602,169	₱ 822,118,868		41.9

Other income was 16.7% lower as a result of the limited banking activities due to the lockdowns implemented in the country during the year. Non-interest income in 2019 also included a non-recurring gain from the merger of PBB and Insular Savers Bank (“ISB”) which was approved by the SEC on June 10, 2019.

Operating expense stood at ₱3,264.1 million due to the growth of salaries and employee benefits, management and other professional fees, and taxes and licenses.

As a result, core income reached ₱2,783.7 million in 2020, 41.9% higher than last year’s ₱1,961.6 million.

	For the calendar period ended				
	12/31/2020	12/31/2019	Variance	%	
Core income	₱ 2,783,721,037	₱ 1,961,602,169	₱ 822,118,868	41.9	
Trading gains (losses)	749,332,694	292,699,496	456,633,198	156.0	
Pre-tax pre-provision profit	₱ 3,533,053,731	₱ 2,254,301,665	₱ 1,278,752,066	56.7	
Loan loss provision	(2,335,791,829)	(561,174,001)	(1,774,617,828)	316.2	
Profit before tax	1,197,261,902	1,693,127,664	(495,865,762)	(29.3)	
Taxes	(258,379,015)	(436,754,221)	178,375,206	(40.8)	
Net income	₱ 938,882,887	₱ 1,256,373,443	(₱ 317,490,556)	(25.3)	

The Bank took advantage of trading opportunities in 2020, realizing ₱749.3 million in trading gains from ₱292.7 million in 2019. This increase brought pre-tax pre-provision profit to grow 56.7% YoY to ₱3,533.1 million in 2020.

PBB set aside a total of ₱2,335.8 million in provisions for loan losses based on the expected past due and NPL levels brought about by the pandemic, up 316.2% from ₱561.2 million in 2019.

Net income was recorded at ₱938.9 million in 2020, 25.3% lower than last year as the Bank took a conservative approach in increasing its loan loss reserves.

For the calendar year ended December 31, 2019 and 2018:

	For the calendar period ended				
	12/31/2019	12/31/2018	Variance	%	
Interest income	₱ 7,094,201,314	₱ 5,509,559,450	₱ 1,584,641,864	28.8	
Interest expense	(2,543,220,573)	(1,732,261,448)	(810,959,125)	46.8	
Net interest income	₱ 4,550,980,741	₱ 3,777,298,002	₱ 773,682,739	20.5	

Overall interest income posted a 28.8% growth YoY from ₱5,509.6 million in 2018 to ₱7,094.2 million in 2019. The growth is mainly driven by the increases in loan volume and interest rate, as well as the build-up of the Bank's trading portfolio which resulted in the expansion of interest income on loans and other receivables to ₱6,623.7 million and interest income on trading securities to ₱438.3 million.

The 46.8% increase in interest expense is due to the increases in deposit volume and time deposit interest rate as well as the Bank's issuance of the fixed-rate corporate notes due in 2022. Interest expense on deposit liabilities reached ₱2,336.6 million from ₱1,619.9 million last year while interest expense on corporate notes totaled ₱71.7 million in 2019.

As a result, net interest income stood at ₱4,551.0 million in 2019 from ₱3,777.3 million in 2018, up 20.5%.

	For the calendar period ended				
	12/31/2019	12/31/2018	Variance	%	
Core income					
Net interest income	₱ 4,550,980,741	₱ 3,777,298,002	₱ 773,682,739	20.5	
Service charges, fees and commissions	348,810,364	284,823,000	63,987,364	22.5	
Miscellaneous	155,562,175	103,286,349	52,275,826	50.6	
	5,055,353,280	4,165,407,351	889,945,929	21.4	
Non-interest expenses	(3,093,751,111)	(2,598,760,224)	(494,990,887)	19.0	
Core income	₱ 1,961,602,169	₱ 1,566,647,127	₱ 394,955,042	25.2	

Other income recorded a 30.0% growth from ₱388.1 million to ₱504.4 million YoY which includes the ₱101.1 million negative goodwill recognized from the merger of PBB and ISB. Recurring other income, which includes service charges and miscellaneous fees, would have been 3.9% higher than 2018's ₱388.1 million.

Operating expense in 2019 was at ₱3,093.8 million, up 19.0% from ₱2,598.8 million in 2018. Aside from the Bank's normal operations, the increase is partly due to the merger of PBB and ISB following SEC's approval last June 10, 2019 and the strategic initiatives of PBB. Salaries and other employee benefits, the largest share of operating expense in 2019, grew by ₱170.1 million or 20.8% growth as headcount increased by 12.8% YoY. Taxes and licenses increased to ₱636.9 million in 2019 from ₱552.3 million in 2018 as income expanded. Operating expense, excluding non-recurring expenses in 2019, would have been ₱3,065.8 million, up 18.0%.

These changes brought the Bank's core income to ₱1,961.6 million in year-end 2019, up 25.2%.

	For the calendar period ended				
	12/31/2019	12/31/2018	Variance	%	
Core income	₱ 1,961,602,169	₱ 1,566,647,127	₱ 394,955,042	25.2	
Trading gains (losses)	292,699,496	(30,493,963)	323,193,459	p	
Pre-tax pre-provision profit	₱ 2,254,301,665	₱ 1,536,153,164	₱ 718,148,501	46.7	
Loan loss provision	(561,174,001)	(294,731,906)	(266,442,095)	90.4	
Profit before tax	1,693,127,664	1,241,421,258	451,706,406	36.4	
Taxes	(436,754,221)	(383,423,004)	(53,331,217)	13.9	
Net income	₱ 1,256,373,443	₱ 857,998,254	₱ 398,375,189	46.4	

The Bank recorded a total of ₱292.7 million trading gains in 2019 from a trading loss of ₱30.5 million in 2018. This resulted in the 46.7% increase of pre-tax pre-provision profit from ₱1,536.2 million in 2018 to ₱2,254.3 million in 2019.

Stripping out all one-time income and expenses in 2019, core income and pre-tax pre-provision profit would have reached ₱1,919.0 million and ₱2,211.7 million.

PBB set aside ₱561.2 million loan loss provision for the year 2019 to cover potential loan losses.

As a result, net income recorded a 46.4% increase from ₱858.0 million in 2018 to ₱1,256.4 million in 2019.

For the calendar year ended December 31, 2018 and 2017:

	For the calendar period ended				
	12/31/2018	12/31/2017	Variance	%	
Interest income	₱ 5,509,559,450	₱ 3,881,469,895	₱ 1,628,089,555	41.9	
Interest expense	(1,732,261,448)	(841,831,345)	(890,430,103)	105.8	
Net interest income	₱ 3,777,298,002	₱ 3,039,638,550	₱ 737,659,452	24.3	

Interest income on loans and other receivables expanded by ₱1,638.7 million, or 44.6%, from ₱3,672.4 million in 2017 to ₱5,311.1 million in 2018 due to the growth of both the loan volumes and interest rates. This brought the overall growth of interest income to a 41.9% increase from ₱3,881.5 million to ₱5,509.6 million YoY.

Overall interest expense more than doubled this year from ₱841.8 million in 2017 to ₱1,732.3

million in 2018. The interest rate hikes in 2018 caused interest expense on deposits to grow by 95.9% ending 2018 at ₱1,619.9 million. The 91.2% volume growth of bills payable also factored in the overall interest expense, contributing a total of ₱112.4 million in 2018.

As a result, net interest income for the year 2018 ended at ₱3,777.3 million, up 24.3% against last year's ₱3,039.6 million figure.

	For the calendar period ended			
	12/31/2018	12/31/2017	Variance	%
Core income				
Net interest income	₱ 3,777,298,002	₱ 3,039,638,550	₱ 737,659,452	24.3
Service charges, fees and commissions	284,823,000	200,841,789	83,981,211	41.8
Miscellaneous	103,286,349	47,147,687	56,138,662	119.1
	4,165,407,351	3,287,628,026	877,779,325	26.7
Non-interest expenses	(2,598,760,224)	(2,252,864,319)	(345,895,905)	15.4
Core income	₱ 1,566,647,127	₱ 1,034,763,707	₱ 531,883,420	51.4

Other income ended at ₱388.1 million in 2018 from ₱248.0 million in 2017, up 56.5%. This growth is mainly driven by the 41.8% increase in service charges, fees, and commissions and the 119.1% growth of miscellaneous income in 2018 due to the gain on reversal of impairment losses.

Non-interest expenses grew from ₱2,252.9 million in 2017 to ₱2,598.8 million in 2018, up 15.4%. Taxes and licenses expense grew 44.4% owing to the expansion of gross receipt tax.

As a result, core income expanded by 51.4%, or ₱531.9 million, from ₱1,034.8 million in 2017 to ₱1,566.6 million in 2018.

	For the calendar period ended			
	12/31/2018	12/31/2017	Variance	%
Core income	₱ 1,566,647,127	₱ 1,034,763,707	₱ 531,883,420	51.4
Trading gains (losses)	(30,493,963)	139,089,396	(169,583,359)	(121.9)
Pre-tax pre-provision profit	₱ 1,536,153,164	₱ 1,173,853,103	₱ 362,300,061	30.9
Loan loss provision	(294,731,906)	(260,519,609)	(34,212,297)	13.1
Profit before tax	1,241,421,258	913,333,494	328,087,764	35.9
Taxes	(383,423,004)	(273,247,394)	(110,175,610)	40.3
Net income	₱ 857,998,254	₱ 640,086,100	₱ 217,912,154	34.0

Trading loss was at ₱30.5 million for 2018. The Bank set aside additional ₱34.2 million from 2017's ₱260.5 million to ₱294.7 million loan loss provision to account for the growth of its loan portfolio.

Pre-tax pre-provision profit was 30.9% higher at ₱1,536.2 million. As a result, net income for the year 2018 ended at ₱858.0 million, 34.0% higher versus 2017's figure of ₱640.1 million.

B. Financial position

December 31, 2020 vs December 31, 2019

Total resources as of December 2020 reached ₱119.8 billion due to the increases in cash and other cash items, trading securities, and other assets.

Cash and other cash items were higher by 50.5% from ₱1.2 billion to ₱1.8 billion.

Due from BSP was 2.3% lower than last year as the reserve requirement was reduced in 2020.

Due from other banks was also down to ₱2.5 billion from ₱2.8 billion in 2019 due to the decline in placements to foreign banks this year.

Trading and other investment securities was ₱3.1 billion or 21.2% higher than last year as investments at fair value through profit or loss expanded to ₱12.1 billion from ₱4.7 billion in 2019.

Net loans and other receivables slightly increased by 2.2% as the Bank focused on asset quality, assessment, restructuring, and collections and was cautious on new borrowers and other business opportunities because of the pandemic.

Bank premises, furniture, fixture, and equipment was 8.4% lower in 2020 due to lower BPFPE additions during the year. While investment properties slightly increased from ₱494.4 million in 2019 to ₱499.9 million in 2020.

Other assets grew by 30.0% as net deferred tax assets expanded to ₱1,137.2 million from ₱509.9 million in 2019.

Deposit liabilities reached ₱100.4 billion as of end 2020 from ₱95.3 billion in 2019 on account of the increase in savings deposit by 15.2%. CASA to TD deposit mix also improved from 46:54 in 2019 to almost 50:50 in 2020.

Bills payable were nil as of December 2020 as borrowings have already matured during the year.

Corporate notes payable was 0.2% higher in 2020 as unamortized bond issue cost amounted to ₱12.3 million this year from ₱19.6 million in 2019.

Accrued expenses also increased by 6.2% from ₱2.4 billion last year to ₱2.5 billion due to the increases in accounts payable and accrued expenses.

Equity stood at ₱13.9 billion as of end 2020, 7.8% higher than last year's figure of ₱12.9 billion. Book value per share ended at ₱20.59, up 8.2% from ₱19.03 in 2019.

December 31, 2019 vs December 31, 2018

Balance sheet of PBB as of December 2019 amounted to ₱114.1 billion due to the increases in cash and other cash items, trading securities, loans and other receivables, bank premises, furniture, fixtures, and equipment, and investment properties.

Cash and other cash items were higher in 2019 by 18.5% from ₱1.0 billion to ₱1.2 billion.

Due from BSP was down to ₱5.2 billion primarily owing to the reduction in reserve requirement implemented during the year.

Due from other banks declined from ₱4.5 billion in 2018 to ₱2.8 billion in 2019 as placements to local and foreign banks decreased this year.

Trading portfolio reached ₱14.8 billion in 2019 from ₱4.9 billion in 2018 as the Bank took advantage of trading opportunities.

Net loans and other receivables expanded to ₱87.3 billion this year, up 15.6% due to the increased lending activities of the Bank.

Bank premises, furniture, fixtures, and equipment stood at ₱753.4 million, up 58.5% as the Bank recognized right-of-use assets from its leases. Investment properties were 15.2% higher than 2018's figure of ₱429.3 million.

Other resources declined by 11.0% from ₱1.7 billion to ₱1.6 billion in 2019 following the merger of PBB and ISB.

The Bank generated a total of ₱95.3 billion deposit liabilities from ₱77.3 billion in 2018 on account of the 41.2% and 11.4% increases in CASA and time deposits, respectively.

Bills payable decreased to ₱612.5 million from ₱3.7 billion in 2018 as some borrowings matured as of December 2019. Accrued expenses and other liabilities were also 2.5% lower due to the decreases in accounts payable and manager's checks.

On July 31, 2019, PBB issued a fixed-rate corporate notes amounting to ₱3.0 billion due 2022 as part of the ₱10.0 billion debt program of the Bank. The funds were used to finance loan requirements and capitalize attractive lending opportunities.

Equity stood at ₱12.9 billion in 2019, 13.3% higher than the same period last year of ₱11.4 billion as net income expanded by 46.4%. This is equivalent to a book value per share of ₱19.03 net of preferred shares versus ₱16.68 in 2018.

December 31, 2018 vs December 31, 2017

PBB's balance sheet reached ₱94.7 billion total assets for 2018 owing to the increases in trading and other investment securities, loans and other receivables, and net investment properties.

Cash and other cash items dipped by 1.4% due to the increased cash related transactions such as settlement of bills payable, increase in loans and other receivables, and the buildup of trading and investment securities portfolio in 2018.

Due from BSP also declined by 6.2% as other than mandatory reserves were down to ₱200.0 million from ₱1,100.0 million in 2017, ending 2018 at ₱6.2 billion. On the other hand, due from other banks increased by 12.9% from ₱4.0 billion to ₱4.5 billion as a result of increased placements with counterparty banks.

PBB invested in trading and other investment securities as the Bank continued to be cautious in trading activities. Total trading portfolio ended at ₱4.9 billion from ₱2.4 billion in 2017, up 99.6%.

PBB deliberately tempered the growth of its loan portfolio in 2018 as overall funding costs continued to increase. Net loans and other receivables ended at ₱75.5 billion from ₱70.6 billion in 2017, up 7.1% YoY.

Bank premises, furniture, fixtures, and equipment stood at ₱475.3 million, down 2.3% versus year-end 2017, while investment properties increased by 1.4%.

Other resources was 1.5% lower versus 2017's ₱1.8 billion to ₱1.7 billion in 2018 largely due to the decrease in deferred tax assets.

Deposit liabilities reached ₱77.3 billion in 2018 from ₱73.5 billion in 2017, up 5.1% on account of the 11.5%, 10.2%, and 1.9% increases in demand, savings, and time deposits.

Bills payable also grew to ₱3.7 billion from ₱1.9 billion in 2017 to support the loan and trading portfolio build up plan of the Bank. Accrued expenses and other liabilities also increased to ₱2.4 billion in 2018 on account of the ₱1.1 billion increase in accounts payable.

Shareholder's equity recorded an 11.1% growth from ₱10.2 billion in 2017 to ₱11.4 billion in 2018. Net of preferred book value per share stood at ₱16.68, up 11.8%.

Key Performance Indicators

CAR: Capital Adequacy Ratio was at 14.15%, higher than BSP's minimum requirement of 10.0%.

Asset Quality: The Bank's non-performing loans ratio reached 4.07% this year.

Profitability: Return on Average Equity (ROAE) decreased from 10.37% in 2019 to 7.02% as of December 2020.

Liquidity: The Bank's loans-to-deposits ratio (BSP formula) as of December 31, 2020 was 88.93%.

Asset efficiency: Return on Average Assets (ROAA) decreased by 40 bps to 0.80% in December 2020.

Book value per share as of December 31, 2020 was at ₱20.59 from ₱19.03 in the same period in 2019.

The following table shows the key performance indicators for the past three (3) calendar years ending December 31, 2020 (in %):

Performance Indicator, in Php mn	2018	2019	2020
Return on assets (%)	0.91	1.10	0.78
Net income	858	1,256	939
Total assets	94,729	114,092	119,767
Return on equity (%)	7.55	9.76	6.77
Net income	858	1,256	939
Total equity	11,359	12,868	13,876
Capital adequacy ratio (%)	14.99	13.70	14.15
Total qualifying capital	11,903	12,839	13,797
Risk weighted assets	79,416	93,728	97,499
Loans-to-deposit ratio (%)	97.77	91.66	88.93
Loans and other receivables – net	75,530	87,324	89,276
Deposit liabilities	77,251	95,268	100,394
NPL ratio (%)	1.75	2.33	4.07
Non-performing loans	1,306	1,992	3,681
Gross loans	74,441	85,620	90,388
Book value per share	16.68	19.03	20.59
Equity – net of preferred shares	10,739	12,248	13,256
Number of shares	644	644	644

Critical Accounting Policies

For information on the Bank's significant accounting judgments and estimates, please refer to Notes 2 and 3 of the Bank's financial statements included as attachment of SEC 17-A.

Description of Comprehensive Statement of Income

Revenues

Interest Income. Interest income is interest generated from PBB's loans and receivables. The Bank also generates interest income from amounts due from other banks, investment securities and securities purchased under resale agreements.

Interest Expense. Interest expense refers to interest paid or accrued on deposits, bills payable and other fund borrowings.

Net Interest Income. Net interest income is equal to interest income after deducting interest expense.

Impairment Losses. Impairment losses refer to estimated losses in the Bank's loan portfolio, investment securities, investment properties and other risk assets.

Other Income

Trading gains – net. This line item comprises results arising from trading activities which include gains and losses from changes in fair value of financial assets held for trading as well as gains from the sale of trading and investment securities.

Services charges, fees and commissions. The Bank earns service charges, fees and commissions from various financial services it provides to its customers. These fees include investment fund fees, custodian fees, commission income, credit related fees, asset management fees, portfolio and advisory fees.

Miscellaneous Income. Miscellaneous income also comprises foreign exchange gain, gain on asset foreclosures and dacion transactions, trust fees, gain on sale of assets and miscellaneous items.

Other Expenses

Other expenses are the Bank's general and administrative expenses composed primarily of salaries and employee benefits, taxes and licenses, rent and fees, depreciation and amortization and other operating costs.

Tax Expense

Tax expense relates mainly to the corporate income tax payable by the Bank which is composed of a two per cent (2%) minimum corporate income tax and a regular income tax of 30 per cent. The Bank is also subject to final taxes of 7.5 per cent (on the Bank's FCDU deposits with other institutions), 10 per cent (on onshore income from FCDU transactions), and 20 per cent (final withholding tax on tax-paid income).

C. Discussions on Key Variable and Other Qualitative and Quantitative Factors

Vertical and Horizontal Analysis

Financial Condition as of December 2020 vs December 2019:

PBB's assets ended at ₱119.8 billion as of end 2020 from ₱114.1 billion in 2019. Significant changes (more than 5%) in assets were registered in the following accounts:

- Cash and other cash items were 50.5% higher YoY
- Due from other banks decreased by 10.0% as placements to foreign banks declined YoY
- Trading and other investment securities expanded by 21.2% as trading securities at fair value through profit or loss increased to ₱12.1 billion from ₱4.7 billion
- Bank premises, furniture, fixtures, and equipment was down 8.4% as additions were slower in 2020
- Other assets increased by 30.0% as deferred tax assets expanded to ₱1,137.2 million from ₱509.9 million

Total liabilities were up by 4.6% YoY due to the significant changes in the following accounts:

- Deposit liabilities grew by 5.4% as savings deposits expanded to ₱48.7 billion, a 15.2% increase
- Accrued expenses and other liabilities were 6.2% higher due to the increases in accounts payable and accrued expenses

Total equity as of December 2020 stood at ₱13.9 billion, ₱1.0 billion or 7.8% higher than last year's ₱12.9 billion. Book value per share also increased to ₱20.59 from ₱19.03 in 2019.

Financial Condition as of December 2019 vs December 2018:

Total assets recorded a 20.4% growth from ₱94.7 billion in 2018 to ₱114.1 billion in 2019. Significant changes (more than 5%) in assets were registered in the following accounts:

- Cash and other cash items were 18.5% higher YoY
- Due from BSP was down by 15.1% as the BSP cut reserve rates during the year
- Due from other banks declined by 38.0% on account of the lower placements to local and foreign banks
- Trading and other investment securities grew by 203.1% as the Bank took advantage of the trading opportunities during the year

- Net loans and other receivables expanded by 15.6% due to the increase in lending activities of PBB
- Bank premises, furniture, fixtures, and equipment increased by 58.5% owing to the increase in right-of-use assets
- Investment properties was 15.2% higher than the same period in 2018 due to the transfer arising from the merger of PBB and ISB
- Other resources were down by 11.0% as other investment account was nil following the merger

PBB's liabilities ended at ₱101.2 billion in 2019, 21.4% higher than ₱83.4 billion last year. Significant changes in liabilities were registered in the following accounts:

- The growth of deposit liabilities by 23.3% due to the increases in low-cost and high-cost deposits
- The Bank issued a fixed-rate corporate notes due in 2022 amounting to ₱3.0 billion on July 31, 2019
- Bills payable was down by 83.4% as borrowings have matured by year-end 2019
- Accrued expenses and other liabilities were 2.5% lower YoY

The Bank's capital as of December 2019 was at ₱12.9 billion from ₱11.4 billion in 2018, up 13.3%. Book value per share, net of preferred shares, was at ₱19.03 as of year-end 2019. Earnings per share ended at ₱1.64 in December 2019, higher than the ₱1.33 figure in the same period last year.

Financial Condition as of December 2018 vs December 2017:

As of December 2018, total assets stood at ₱94.7 billion, up 8.6% against ₱87.3 billion figure in 2017. Significant changes (more than 5%) in assets were registered in the following accounts:

- Due from BSP was down by 6.2% as other than mandatory reserves went down to ₱200.0 million from ₱1,100.0 million in 2017
- Due from other banks was 12.9% higher as placements to other banks increased
- Trading and other investment securities recorded a 99.6% growth as the Bank continued to build up its trading portfolio
- Loans and other receivables – net was up by 7.1% from ₱70.6 billion in 2017 to ₱75.5 billion in 2018

The Bank's total liabilities amounted to ₱83.4 billion as of December 2018. This is ₱6.3 billion or 8.2% higher as compared to the December 2017 level of ₱77.0 billion. Significant changes in liabilities were registered in the following accounts:

- Low-cost deposit liabilities grew by 10.3% on account of the 11.5% and 10.2% increases in demand and savings deposits
- Bills payable grew 1.9 times from ₱1.9 billion to ₱3.7 billion
- Accrued expenses and other liabilities were 53.2% higher than last year's ₱1.6 billion level to ₱2.4 billion in 2018 due to the expansion of accounts payable

Shareholder's equity stood at ₱11.4 billion as of year-end 2018, up 11.1% from December 2017 figure of ₱10.2 billion. As a result, book value per share increased to ₱16.68 from ₱14.92 as of 2017.

Results of Operations

For the year ended December 31, 2020 vs. December 31, 2019

- The 42.0% drop in interest expense in 2020 was a result of the lower interest rates versus 2019. Net interest income recorded a 23.7% increase from ₱4,551.0 million in 2019 to ₱5,627.6 million in 2020.
- Non-interest income was also lower by 16.7% this year as banking activities were limited. Other income in 2019 also included a non-recurring gain from the merger of PBB and Insular Savers Bank ("ISB") which was approved by the SEC on June 10, 2019.
- Non-interest expenses grew by 5.5% owing to the increases in salaries and employee benefits, management and other professional fees, and taxes and licenses.
- The Bank's core income, composed of net interest income, fee-based income, and non-interest expenses, exclusive of trading gains, was 41.9% higher YoY reaching ₱2,783.7 million as of end 2020.
- PBB took advantage of trading opportunities in 2020, realizing a total of ₱749.3 million trading gains from ₱292.7 million in 2019.
- PBB's pre-tax pre-provision profit grew 56.7% YoY to ₱3,533.1 million in 2020 from ₱2,254.3 million in 2019.
- The Bank set aside a total of ₱2,335.8 million in provision for loan losses to cover expected increases in past due and NPL levels brought about by the pandemic.
- As a result, net income posted a 25.3% decline in 2020 from ₱1,256.4 million in 2019 to ₱938.9 million.

For the year ended December 31, 2019 vs. December 31, 2018

- Interest income for the calendar period ended December 31, 2019 stood at ₱7,094.2 million, up 28.8% against the ₱5,509.6 million figure last year as loan volume, trading portfolio, and interest rates expanded.

- Interest expense expanded by 46.8% from ₱1,732.3 million in 2018 to ₱2,543.2 million in 2019 on account of the increases in interest expense on deposit liabilities and corporate notes.
- Recurring non-interest income, comprises of service charges, fees, and commissions and miscellaneous income, grew to ₱403.3 million as service charges grew by ₱64.0 million. Including the one-time gain of ₱101.1 million from the consolidation of ISB, non-interest income grew by 30.0% to ₱504.4 million
- Non-interest expense rose to ₱3,093.8 million in 2019 from ₱2,598.8 million in 2018 on account of the increases in salary expense, management and other professional fees, taxes and licenses, and representation and entertainment.
- PBB recorded a total of ₱1,961.6 million core income this year, up 25.2% compared to last year's ₱1,566.6 million figure
- Trading gains expanded to ₱292.7 million in 2018 from a trading loss in 2018
- The Bank set aside a total of ₱561.2 million loan loss provision this year versus ₱294.7 million in 2018, a 90.4% increase
- PBB recorded a ₱1,256.4 million net income in 2019, up 46.4% YoY

For the year ended December 31, 2018 vs. December 31, 2017

- Overall interest income as of year-end 2018 ended at ₱5,509.6 million on account of the ₱1,638.7 million increase in interest income on loans and other receivables.
- Interest expense more than doubled from ₱841.8 million to ₱1,732.3 million as interest expenses on deposit liabilities and bills payable both expanded by 95.9% and 657.3% YoY.
- Non-interest income, composed of service charges, fees, and commissions and miscellaneous income, stood at ₱388.1 million for the year 2018, up 56.5%. Non-interest expense was also 15.4% higher than 2017 figure of ₱2,252.9 million to ₱2,598.8 million in 2018.
- Core income reached ₱1,566.6 million in 2018 was 51.4% higher versus ₱1,034.8 million in 2017.
- PBB was able to limit its trading loss of ₱30.5 million for the year 2018 as PBB correctly timed its trading position.
- Loan loss provisions ended at ₱294.7 million in 2018 from ₱260.5 million in 2017, or 13.1% higher, in line with the growth of PBB's loan portfolio.
- Net income for the year 2018 recorded a 34.0% growth from ₱640.1 million in 2017 to ₱858.0 million.

Cash Flows

The following table sets forth selected information from PBB's statements of cash flows for the periods indicated:

	For period ended December 31		
	2018	2019	2020
Cash and cash equivalents, beginning of the year	12,476.25	13,238.47	11,815.26
Net cash provided by (used in) operating activities	364.95	5,371.01	(4,483.22)
Net cash provided by (used in) investing activities	(1,365.51)	(6,747.79)	4,459.26
Net cash provided by (used in) financing activities	1,762.78	(412.20)	(727.00)
Net increase (decrease) in cash and cash equivalents	762.22	(1,788.97)	(750.96)
Cash and cash equivalents, end of the year	13,238.47	11,815.26	11,064.30

Net Cash Flow Provided By (Used In) Operating Activities

Net cash flow provided by operating activities is composed of deposits generated, loans and receivables, and interest income. As of December 31, 2020, net cash used in operating activities amounted to negative ₱4,483.2 million. During this time, the Bank expanded its loans and other receivables by ₱4,990.0 million and trading and investment securities at FVPL by ₱7,423.7 million, while deposits grew by ₱5,204.9 million. Impairment losses for the year also expanded 4.2x to ₱2,335.8 million. As of the years ended December 31, 2019 and 2018, cash flow from (used in) operating activities was ₱5,371.0 million and ₱365.0 million respectively.

Net Cash Flow Provided By (Used In) Investing Activities

Net cash flow provided by or used in investing activities involves the acquisition of investment securities at FVOCI, business combination, bank premises, furniture and fixtures, and software licenses. As of December 31, 2020, net cash used in investing activities amounted to ₱4,459.3 million. Net cash used in investing activities for 2018 and 2019 were negative ₱1,365.5 million and negative ₱6,747.8 million, respectively.

Net Cash Flow Provided By (Used In) Financing Activities

Net cash flow provided by financing activities is composed of the availments and settlement of bills payable, corporate notes, cash dividends, and payment of lease liabilities. As of December 31, 2020, PBB recorded a use of cash flow from financing activities of negative ₱727.0 million from negative ₱412.2 million in 2019.

Capital Resources

The Bank is required to comply with the capital adequacy requirements based on the requirements for stand-alone thrift banks under BSP's Circular No. 688 issued in May 26, 2010.

The following table sets out details of the Bank's capital resources and capital adequacy ratios (as reported to the BSP).

	As of the years ended December 31		
₱ millions	2018	2019	2020
Net Tier 1 capital	11,124	11,997	12,939
Tier 2 capital	779	842	858
Total qualifying capital	11,903	12,839	13,797
Risk weighted assets	79,416	93,728	97,499
Tier 1 capital ratio	14.01%	12.80%	13.27%
Total capital ratio	14.99%	13.70%	14.15%

Known trends, demands, commitments, events or uncertainties

There are no known demands, commitments, events or uncertainties that will have a material impact on the Bank's liquidity within the next twelve (12) months.

Events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.

Material off-balance sheet transactions, arrangements or obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unsolicited entities or other persons created during the reporting period other than those disclosed in the financial statements.

Significant Elements of Income or Loss

Significant elements of the consolidated net income for the period ended December 31, 2019 and 2020 came from its continuing operations.

Seasonal Aspects

There are no seasonal aspects that had a material effect on the Bank's financial position and results of operations.

Commitments and Contingent Liabilities

The following is a summary of the Banks commitments and contingent accounts as of December 31, 2020:

In ₱ millions	2019	2020
Outstanding letters of credit	1,006,844,837	829,795,757
Trust and other fiduciary accounts	1,365,210,791	5,996,544,565
Investment management accounts	5,826,088,547	7,418,923,766
Late payment/deposits received	2,289,419	115,357
Items held for safekeeping	220,453	143,812
Items held as collateral	12,188	12,685
Outward bills for collection	7,536,554	6,116,824
Unit investment trust fund	59,865,119	28,237,926
Other contingent accounts	655,609,976	1,730,246,464

Among the Bank's contingent accounts are the following trust arrangements:

1. Investment Management Arrangement (IMA). An agency arrangement that involves the prudent investment of funds on behalf of the clients;
2. Trust and Other Fiduciary Accounts (TOFA) include: Living trust, a trust created during the trustors' lifetime and involves the transfer of funds and other assets to a trustee for management and eventual distribution to intended beneficiaries; employee benefit trust, a trust established by a company for the benefit of its employees in addition to salaries or wages; escrow, a three party arrangement whereby the escrow agent is appointed as a disinterested or neutral party to protect the interest of the two parties to the contract; and other fiduciary arrangements;
3. Unit Investment Trust Fund (UITF). A pooled fund created to offer investment opportunities to small investors.

The Bank has ₱16.0 billion in contingent liabilities of which, ₱13.4 billion or 84.0% are in trust arrangements which include investment management accounts, trust and other fiduciary accounts, and unit investment trust fund.

Selected information disclosed in the Audited Financial Statements

Classifying Financial Assets at HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as HTM investments, the Bank evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity.

If the Bank fails to keep these investments at maturity other than for the allowed specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class to AFS securities. The investments would therefore be measured at fair value and not at amortized cost. However, the tainting provision will not apply if the sales or reclassifications of HTM investments are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; occur after the Bank has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or are attributable to an isolated event that is beyond the control of the Bank, is nonrecurring and could not have been reasonably anticipated by the Bank.

In 2008, the BSP and the SEC allowed the reclassification of certain financial assets that were previously classified under FVTPL and AFS categories, due to the tainting in 2006, back to HTM investments or loans and receivables. Accordingly, despite the tainting prohibition until 2008, the Bank reclassified its investments in debt securities previously classified under FVTPL and AFS securities to HTM investments amounting to ₱18.8 million and ₱2,130.8 million, respectively, representing the fair value of the reclassified investments on September 11, 2008, the effective date of reclassification, as allowed under FRSP for banks.

On September 14, 2009, however, the Bank reclassified its remaining HTM investments to AFS securities with carrying value of ₱2,621.7 million. As such, the Bank was not allowed to classify as HTM investments its existing and new acquisitions of financial assets due to tainting until 2011. Starting 2012, the tainting of the Bank had been lifted.

Management of Liquidity Risks through MCO Limits

Liquidity risk is the risk to income and capital as a result of the Bank's inability to meet its obligations when they come due without incurring unacceptable losses. The Bank manages its liquidity risk through the monitoring of various liquidity ratios, Treasury's weekly and regular assessment of liquidity gaps, and the maturity ladder. A maturity ladder relates the inflows to outflows of funds at selected maturity dates and is constructed to measure liquidity exposure. The ladder shows the Bank's statement of financial position distributed into tenor buckets on the basis of the term to final maturity or cash flow dates, including contingent commitments. The amount of net inflows which equals the difference between the amounts of contractually maturing assets (inflows) and liabilities (outflows) is computed per tenor bucket and on a cumulative basis, incorporating certain behavioral and hypothetical assumptions. The calculated periodic and cumulative gaps constitute the Bank's run off schedule, which indicate the Bank's net funding requirements in local and foreign currency.

To control liquidity gap risks, a quantitative ceiling to the net outflow of funds of the Bank called Maximum Cumulative Outflow (MCO) limit is observed per currency, the assumptions of which are reviewed by the Risk Oversight Committee (ROC) prior to the confirmation by the BOD.

DOSRI Loans under Related Party Transactions

Total outstanding DOSRI loans as of December 31, 2019 and 2020 pertain to loan transactions with its officers and employees and related parties amounting to ₱1,012.2 million and ₱712.4 million.

Earnings per Share

The Bank's earnings per share (EPS) as of December 31, 2020, 2019, and 2018 were at ₱1.46, ₱1.64, and ₱1.33, respectively. This is computed by dividing the net income net of dividends of ₱938.9 million, ₱1,058.4 million, and ₱858.0 million, by the weighted average number of outstanding common shares.

Item 7. Financial Statements

The audited financial statements of the bank are filed as part of this for SEC 17-A as "ANNEX A".

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

Punongbayan & Araullo (P&A), a member firm of Grant Thornton International Limited, has been the bank's independent accountant for the last ten years and is again recommended for appointment at the scheduled stockholders meeting.

In compliance with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to the SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Mr. Christopher M. Ferarez was assigned in 2017 as an independent reviewer and partner in charge for the bank replacing Mr. Leonardo D. Cuaresma, Jr. Representatives of P&A are expected to be present at the meeting to respond to matters relating to the Auditor's report on the 2019 financial statements of the bank that maybe pertinently raised during the meeting. Their representatives will be given opportunity to make a statement if they so desire.

The Bank has paid the following fees to P&A relative to the regular and special engagements rendered by the latter that are reasonably related to the performance of the audit review of the Bank's financial statement:

Audit Fees For	In ₱
December 31, 2011	721,412.31
June 30, 2012	752,640.00
September 30, 2012	978,432.00
December 31, 2012	824,320.00
December 31, 2013	2,609,152.00
December 31, 2014	2,475,405.61
December 31, 2015	2,324,278.38
December 31, 2016	2,599,735.16
December 31, 2017	2,864,643.60
December 31, 2018	5,124,565.44
December 31, 2019	6,851,630.40
December 31, 2020	10,377,360.00

In September 2018, P&A provided professional services to PBB in connection with the Bank's proposed issuance of Long Term Negotiable Certificates of Time Deposit (LTNCDs). Aside from this, no other services were rendered by P&A that were not related to the audit and review of the Bank's financial statements.

There were no disagreements with P&A on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers

The following are the names of the incumbent Directors of the Bank:

Incumbent	Age	Nationality	Position with the Bank	Year of election
Alfredo M. Yao	77	Filipino	Chairman Emeritus	2010
Jeffrey S. Yao	52	Filipino	Chairman	2019
Rolando R. Avante	62	Filipino	Vice Chairman and President / CEO	2019
Honorio O. Reyes- Lao	76	Filipino	Director	2010
Danilo A. Alcoseba	69	Filipino	Director	2016
Roberto A. Atendido	73	Filipino	Director	2012
Leticia M. Yao	67	Filipino	Director	2009
Paterno H. Dizon	82	Filipino	Independent Director	2006
Benjamin R. Sta. Catalina, Jr.	73	Filipino	Independent Director	2012
Narciso D.L. Eraña	67	Filipino	Independent Director	2018
Atty. Roberto C. Uyquiengco	72	Filipino	Independent Director	2018

BUSINESS EXPERIENCE

The following is a brief description of the business experience of each of the Directors of the Bank:

Alfredo M. Yao (Filipino, 77 years old)

Mr. Alfredo M. Yao is the Chairman Emeritus of PBB. He is concurrently the Chairman of Zest-O Corporation, Semexco Marketing Corp., Macay Holdings Inc., and Asiawide Refreshments Corp. He is the President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. Mr. Yao has participated in the following seminars: Corporate Governance; AML and Risk Management, all conducted by the Pacific Management Forum and PBB; CISA for the Credit Bureau; SME Related Issues; and other CTB Related seminars. He has also attended several Philippine Chambers of Commerce & Industry (PCCI) Business Fora given by PCCI, the International Trade Organization, and the Department of Trade and Industry.

Jeffrey S. Yao (Filipino, 52 years old)

Mr. Jeffrey S. Yao was appointed as the Chairman of the Board in November 2019.

He is currently the Chief Executive Officer of Zest-O Corporation, Vice President of Macay Holdings Inc., Corporate Secretary of Mega Asia Bottling Corp, and the President of Bev-Pack Inc. He is also a Director at Zemar Development Inc., Onnea Holdings Inc., Mazy's Capital Inc., ARC Refreshments Corp., AMY Holdings Inc., Semexco Marketing Corp., Asiawide Refreshments Corp., and ARC Holdings Inc. Mr. Yao started his career in the food and beverage industry when he was appointed as Plant Manager at Harman Food Philippines from 1990 to 1995. He has attended the following training programs: Basics of Trust at the Trust Institute of the

Philippines in 2002; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; Distinguished Corporate Governance Speaker Series on August 24, 2015; AMLA Seminar by BSP and PBB in 2016; IFRS 9 by Punongbayan and Araullo in 2017; Data Privacy Act in 2017; Best Practices Guide to Compliance with the Anti-Money laundering Law and its IRR in 2018; and Corporate Governance Seminar in November 2018.

Mr. Yao graduated from the Ateneo De Manila University with Bachelor of Science in Management Engineering degree.

Committee(s): Audit, Executive, IT Steering, Management, Remedial & Special Assets Management, Risk Oversight, and Trust

Rolando R. Avante (Filipino, 62 years old)

Mr. Rolando R. Avante was appointed as Vice Chairman, President, and Chief Executive Officer on November 2019.

His banking career includes stints as Vice President for Local Currency Desk at City Trust Banking Corp. from 1988 to 1994; Senior Vice President & Treasurer at Urban Bank from 1994 to 1995; First Vice President for Domestic Fund Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (Philippines) from 1999 to 2009; Executive Vice President & Treasurer at Sterling Bank of Asia from 2009 to 2011. He was elected President and Director at the Money Market Association of the Phil. (MART) in 1999. He was elected the same position at ACI Philippines in 2011.

His training includes Money Market at the Inter Forex Corp. in 1983; Treasury Management in Times of Crisis in 1984, Bourse Game in 1987 both conducted by FINEX; Rate Risk Game in 1989, Investment Banking Fundamental in 1990, Managing People in 1991 at the Citibank APBI; Capital Market Instruments in Asia in 1992, Asset & Liability Management in 1995 both conducted by Euro money; Asian Bond Fund II Workshop in 2004 at the Asian Bank; Securitization Law in 2006 at FINEX & SEC; ACI World Congress in 2011 at ACI Phil.; Economic Outlook 2012 in 2012 at the ANZ Private Bank Exclusive; Annual Global Markets Outlook in 2012 at Deutsche Bank; Entrepreneurs Forum in 2012 conducted by Business World; AMLA Seminar in 2012 at the Bangko Sentral ng Pilipinas; CEO Business Forum in 2012 at Punongbayan & Araullo; Cross-Border RMB Business in 2012 at Bank of China; Eco Forum in 2012 at Security Bank; Phil. Business Conference in 2012 at the Philippine Chamber of Commerce & Industry; Annual Investment Outlook 2013 in 2013 at ANZ Private Bank; Philippine Investment Summit 2013 in 2013 at the Investment Banking Group; IPO Annual Asia Pacific in 2013 at CIMB; Corporate Governance Seminar for Board of Directors on December 10, 2015; AMLA for Board of Directors and Senior Officers in 2016; SEC-PSE Corporate Governance Forum in 2016; IFRS 9 in 2017; Seminar on Data Privacy Act in 2017; Best Practices Guide to Compliance with the Anti-Money Laundering Law and Its IRR by Center for Global Best Practices in 2018; and Corporate Governance Seminar for Directors and Senior Officers in 2018.

Mr. Avante graduated from the De La Salle University with the degree of Bachelor of Science in Commerce major in Marketing Management and has taken MBA units from DLSU.

Committee(s): Anti-Money Laundering and FATCA, Asset and Liability Management, Bid, Capital Planning, Credit, Executive, Management, Remedial and Special Assets Management, and Trust

Honorio O. Reyes- Lao (Filipino, 76 years old)

Mr. Honorio O. Reyes-Lao was appointed as Director of the Bank in 2010.

A seasoned banker, he has more than 40 years of experience in corporate and investment banking, branch banking, and credit management. Mr. Reyes-Lao started his banking career at China Banking Corporation in 1973 to 2004. He served as Senior Management Consultant from 2005 to 2006 at East West Banking Corporation. He was a consultant at Antel Group of Companies from 2007 to 2009 and was appointed President at Gold Venture Lease and Management Services, Inc. from 2008 to 2009. Currently, he is an independent director at the DMCI Holdings Corporation, DMCI Project Development Inc., Semirara Mining and Power Corporation, Sem-Calaca Power Corporation, and Southwest Luzon Power Generation Corporation and is the Chairman of Space 2 Place Inc. He is also a Member of the Society of Institute of Corporate Directors (ICD) Fellows since 2004.

His background and trainings include Overall Banking Operations by Philippine Institute of Banking in 1971 to 1972; Director Certification Program at the Institute of Corporate Directors (ICD) in 2004; Trust and Governance Rating Systems by BAIPHIL in 2013; AMLA Seminar by BSP and Corporate Governance Seminar by Ateneo de Manila University in 2014; Corporate Governance Forum by SEC in 2016; IFRS 9 by Punongbayan and Araullo in 2017; Data Privacy Act Seminar in 2017; Guide to Compliance with Anti-Money Laundering Law and its IRR by Center for Global Practices and Corporate Governance Seminar by ROAM Inc. in 2018; and ASEAN Corporate Governance Conferences and Awards 2016 and Distinguished Corporate Governance Speaker Series since 2015.

Mr. Lao holds a post-graduate degree, Masters in Business Management, from the Asian Institute of Management and graduated with a double degree in Bachelor of Science in Business Administration major in Economics and Bachelor of Science in Commerce major in Accountancy from the De La Salle University.

Committee(s): Executive, Risk Oversight, and Trust

Roberto A. Atendido (Filipino, 73 years old)

Mr. Roberto A. Atendido was appointed to the Board in 2012 and was last re-elected as Director on August 7, 2020.

He is a seasoned investment banker and a recognized expert in the field with over 40 years of investment banking and consulting experience in the Philippines and in the ASEAN region. Mr. Atendido started his career in consulting with the management services group of Sycip, Gorres & Velayo, the largest accounting and consulting group in the Philippines. He began his investment banking career in Bancom Development Corporation, the leading investment house in the Philippines during the late 60's and 70's. He was later posted as Vice President of Bancom International Ltd in HK from 1980 to 1982. He then moved to PCI Capital Asia, Ltd. (HK) as Vice President from 1982 to 1983. The PCI Group posted him in Indonesia as Managing Director of PT Duta Perkasa Chandra Inti Leasing, a joint venture between the PCI Group of the Philippines and Bank Duta and Gunung Agung Group of Indonesia, from 1983 to 1988. Mr. Atendido moved back to the Philippines in 1988 as President of Asian Oceanic Investment House, Inc., a fully owned subsidiary of the Asian Oceanic Group of HK. The company was later bought by the Insular Life Group and renamed Insular Investment & Trust Corporation. In 1996, Mr. Atendido together with several investors organized Asian Alliance Holdings & Development

Corporation (AAHDC) and later established Asian Alliance Investment Corp. (AAIC) as a wholly owned investment banking subsidiary. He is currently President and Director of AAHDC and Vice Chairman and Director of AAIC.

Currently, Mr. Atendido is a member of the Board of Directors of Paxys Inc., Paper Industries Corp. of the Philippines, Pharmarex, Inc., Macay Holdings Inc., and Gyant Food Corporation. He is also the Vice Chairman and Director of Sinag Energy Philippines, Inc. since 2008, and Chairman and President of Myka Advisory and Consulting Services Inc. since 2010. He has also held directorships in the Philippine Stock Exchange from 2005 to 2009, Securities Clearing Corporation from 2006 to 2010, Marcventures Holdings, Inc. from 2010 to 2013, Carac-An Development Corp. as Chairman from 2010 to 2013, and Beneficial Life Insurance Corp. from 2008 to 2014. Apart from his business activities, Mr. Atendido is also active in the Brotherhood of Christian Businessmen and Professionals, a nationwide Christian community where he served as Chairman from 2009 to 2011.

He has attended trainings in Corporate Governance & Risk Management for the Bank's Board of Directors at the Development Finance Institute in 2003; Basel 2 and Risk Management Course by Export & Industry Bank in 2007. In 2014, he attended the Anti-Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series in 2015. He also attended AMLA for Board of Directors and Senior Officers by PBB and the 3rd Annual SEC-PSE Corporate Governance Forum in 2016; IFRS 9 by Punongbayan and Araullo in 2017; and Guide to Compliance with the Anti-Money Laundering Law and its IRR by Center for Global Best Practices and Corporate Governance Seminary by ROAM Inc. in 2018.

Mr. Atendido is a graduate of the Asian Institute of Management with a Masters Degree in Business Management in 1973. He completed his Bachelor of Science in Management Engineering from the Ateneo de Manila University.

Committee(s): Audit, Corporate Governance, Related Party Transactions, and Risk Oversight

Leticia M. Yao (Filipino, 67 years old)

Dra. Leticia M. Yao was appointed to the Board in 2009 and last re-elected as Director on August 7, 2020.

A well-respected figure in the healthcare industry, Dra. Yao was appointed at the United Doctors Medical Center (UDMC) and Providence Hospital Inc. as a Consultant at the Department of Medicine since 1991 and 2014. She is currently a Director at Mega Asia Bottling Corporation, Zest-O Corporation, Uni-Ipel Industries Inc., Harman Foods Phils Inc., and Solmac Marketing Inc.

She participated in training sessions for Corporate Governance & Risk Management for Banks' Board of Directors by Development Finance Institute in 2002 and further taken the Risk Awareness Seminar by Pacific Management Forum in 2009. In 2014, she attended the AMLA Seminar by the Bangko Sentral ng Pilipinas and Corporate Governance Seminar by the Ateneo de Manila University. She also attended the Distinguished Corporate Governance Speaker Series and Corporate Governance Seminar for Directors and Senior Officers by ROAM Inc. in 2015; AMLA Seminar by BSP and PBB in 2016; Corporate Governance: Fraud Awareness by Center for Training and Development Inc. in 2016; IFRS 9 by Punongbayan and Araullo in 2017; Data Privacy Act Seminar in 2017; and Guide to Compliance with the Anti-Money Laundering Law and its IRR by Center for Global Best Practices and Corporate Governance Seminary by ROAM Inc. in 2018.

Dra. Yao graduated from the University of Sto. Tomas with a Bachelor of Science degree in Medical Technology then pursued her post graduate degree in Medicine in the same university.

Committee(s): Trust

Danilo A. Alcoceba (Filipino, 69 years old)

Mr. Danilo A. Alcoceba was the former President and CEO of PBB and was appointed to the Board in 2016.

His work experiences include: Branch Head at Bancom Development Bank - Cebu Branch from 1977 to 1979, Assistant Vice President of Traders Royal Bank from 1979 to 1983, First Vice President-Treasury Division of Boston Bank of the Philippines from 1983 to 1998, Head of Treasury at China Banking Corporation from 1989 to 2004, Consultant at SM Investments Corporation from 2005 to 2007, Senior Vice President and Treasurer of SM Prime Holdings in 2007, and was an independent director of Robinsons Bank from 2013 to 2014.

He also had various trainings and seminars in banking related fields such as financial derivatives, fixed income trading, foreign exchange, investment banking, corporate governance, risk management and international trade.

Mr. Alcoceba obtained his Bachelor of Science in Commerce Major in Accountancy degree at the University of San Carlos, a Masters in Business Administration at the University of the Philippines-Diliman, and graduate studies in Industrial Economics at the Center for Research and Communication.

Committee(s): Audit, Corporate Governance, Related Party Transactions, and Risk Oversight

Paterno H. Dizon (Filipino, 82 years old)

Mr. Paterno H. Dizon was appointed as an Independent Director to the Board in 2006 and was last re-elected as Independent Director on August 7, 2020.

He had previously served as President to the following institutions: Science Park of the Philippines Inc., Cebu Light Industrial Park, Inc., and RFM Science Park of the Philippines from 1997 to 2003. Mr. Dizon held directorships at Hermosa Ecozone Development Corp. from 1997 to 2003; EIB Securities from 2004 to 2006; and was the Executive Director of Holy Cross College from 1975 to 2011. He was elected as Chairman of the Phil. Exporters' Confederation Inc. since 1990 up to the present, an independent director at VC Securities Corporation since 2016, and has been the President and CEO of Holy Cross College of Pampanga since 2012.

He has attended training sessions in Money and Banking by the Ateneo de Manila University in 1959; Financial Management by SGV in 1974; Corporate Governance & Risk Management Program for Bank's Board of Directors by Development Finance Institute in 2002; Risk Awareness Seminar by Pacific Management Forum in 2009; Anti Money Laundering Act Seminar by the Bangko Sentral ng Pilipinas and Corporate Governance by Ateneo de Manila University in 2014; ASEAN Corporate Governance Conferences and Awards and Distinguished Corporate Governance Speaker Series in 2015; AMLA by the BSP and 3rd Annual SEC-PSE Corporate Governance and Awards in 2016; IFRS 9 by Punongbayan and Araullo and Data Privacy Act Seminar by PLDT in 2017; and Guide to Compliance with the Anti-Money Laundering Law and

its IRR by Center for Global Best Practices and Corporate Governance Seminar by ROAM Inc. in 2018.

Mr. Dizon holds a Bachelor of Science in Economics from the Ateneo De Manila University and holds a Masters in Business Administration from the University of the Philippines.

Committee(s): Audit, Corporate Governance, Related Party Transactions, and Risk Oversight

Benjamin R. Sta. Catalina, Jr. (Filipino, 73 years old)

Mr. Benjamin R. Sta. Catalina, Jr. was appointed Independent Director to the Board on 2012 and last re-elected as Independent Director on May 31, 2019. He first assumed his independent directorship at PBB from 2003 to 2005.

During his early professional years, Mr. Sta. Catalina was the Senior Vice President of the Asset Based Finance Group of FNCB Finance Co. from 1980 to 1981. He later joined Citibank N.A. from 1981 to 1995 where he has served as Asst. Vice President & Division Head for the Public Sector Division, then became the Vice President and Asst. Director of the Asia Pacific Training Center. He later handled the Middle East Africa Division Training Center as Vice President and Associate Director, and handled the World Corporation Group for Middle East Africa, Division Training Center as Regional Administrator. He was appointed as General Manager from 1988 to 1992 handling the Center for International Banking Studies. In 1993 to 1994, Mr. Sta. Catalina was appointed Vice President and Chief of Staff of the Global Finance Marketing, then rose to Group Head where he handled the Pan Asian Corporate Team in 1994 to 1995.

In the academic sphere, he was the Executive Director of the Center for Banking and Financial Management of the Asian Institute of Management in 1996.

In addition to holding a number of executive positions, he attended training seminars such as the Makati CAD in 1974, Philippine Core Credit in 1976, Intermediate Credit Seminar in 1977, Exceptional Sales Performance in 1978, Bourse Game in 1979, Asset Based Finance Seminar in 1980, Electronic Banking Seminar in 1981, Selling Skills Train the Trainer Program in 1982, Advanced Lending Strategy in 1982, Technology for Senior Management in 1983 from the Asia Pacific Training Center. He attended Multinational Business Course in 1980 at Citibank New York, Face to Face Selling Skills in 1986 by the Boston Consulting Group. In 1987, he attended the MAC Approach Course and Alcar Valuation Seminar at MEAD Training Center in Greece. He attended the Corporate Finance II in 1988 by the Asia Pacific Banking Institute. At MEAD Training Center in London, he attended the Risk Management Seminar and the Risk Management III – Corporate Finance in 1991. From 1993 to 1995, Mr. Sta. Catalina attended the Strengthening Organizational Capabilities, Service Quality Management, Technology Solutions for the Business, Marketing Derivatives Ideas, Standards Workshop, and Marketing Financing Ideas to Issuers at Citibank Training Center.

Most recently, he attended the Corporate Governance & Risk Management for Bank's Board of Directors by the Development Finance Institute in 2003, Anti Money Laundering Act Seminar in 2014, Distinguished Corporate Governance Speaker Series in 2015, Corporate Governance Forum in 2016, IFRS 9 by Punongbayan and Araullo and Data Privacy Act Seminary in 2017, and Guide to Compliance with the Anti-Money Laundering Law and its IRR by Center for Global Best Practices and Corporate Governance Seminar by ROAM Inc. in 2018

Mr. Sta. Catalina is a graduate of the Asian Institute of Management with a post graduate degree of Masters in Business Management. He finished his Bachelor of Science in Management Engineering from the Ateneo De Manila University.

Committee(s): Audit, Corporate Governance, Related Party Transactions, and Risk Oversight

Narciso DL. Eraña (Filipino, 67 years old)

Mr. Narciso DL. Eraña was appointed Independent Director to the Board in 2018.

Mr. Eraña has an extensive career spanning over 30 years, about 23 of which were spent in the Philippine finance industry. This included about 16 years in various banks, and seven (7) years as President of a multinational brokering company. He also spent many years as an entrepreneur in the family business.

He started his career with Bank of America-Manila handling credit and trade finance for the mining industry, pharmaceuticals, and small medium scale businesses. He moved into the bank's Treasury Department and eventually became Bank of America's youngest Country Treasurer, handling the overall Treasury Trading and Management functions. This served as the foundation for the rest of his Finance career which focused on Treasury management in multinational and local institutions, from savings banks and unibanks.

His banking experience involved managing the banks' liquidity in all currencies, and FX and Government Securities trading as well as investments in Structured Products and derivatives.

His last position was President of ICAP Philippines for seven (7) years, a subsidiary of ICAP Plc., a London based FTSE company and the world's largest Interdealer broker, with average volumes in excess of USD 1 trillion daily.

Active in financial market associations, Mr. Eraña was a Director of the Money Market Association of the Philippines for four (4) years and a Director of the ACI Financial Markets Association for another four (4) years. Activities included the formulation of policies and procedures for the operation of the Banking as well as brokering industries. These activities entailed frequent interaction with associations and regulators, including the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and the Banker's Association of the Philippines. During this time, he was also a member of Financial Executive Institute of the Philippines (FINEX).

Mr. Eraña is a graduate of Business Management at Schiller College in Heidelberg, Germany and obtained his MBA from the Thunderbird School of Global Management in Glendale, Arizona.

Committee(s): Audit, Corporate Governance, Related Party Transactions, and Risk Oversight

Roberto C. Uyquiengco (Filipino, 72 years old)

Mr. Roberto C. Uyquiengco was appointed to the Board as Independent Director in 2018.

He has been in the banking and finance industry for almost 50 years. He started with Sycip Gorres Velayo & Co. (SGV) from 1970 to 1974 and later with North Negros Loggers Corporation until 1976. His stint in the banking industry started with Allied Banking Corporation from 1977 to 1980 and later with State Investment House (Bacolod Branch) from 1980 to 1984. He was last connected with China Banking Corporation as First Vice President and Region Head for North Luzon from 1984 until his retirement in 2011. He took up and passed the 'Trust Officers' Training Program (TOTP) given by the Philippine Trust Institute in 1991. Further, Mr. Uyquiengco attended some international and local conferences related to the banking and finance industry, among of which is the Bankers' of America Institute Conference in November 2007, held in Las Vegas, Nevada, USA and the Asian Bankers Conference in 1996 which was held in Singapore.

Currently, he is affiliated with the following private institutions: (a) Emmanuel Multi-purpose Cooperative, Inc., in Cuenca, Batangas as Director since 2011; (b) Green Leaf Foreign Exchange Corporation as its Chairman and CEO since its incorporation in 2012; and (c) Manulife as a Financial Adviser since 2017.

Mr. Uyquiengco is also a known advocate of education, being a part-time faculty of the College of Business and Accountancy of National University since 2012 and as a part-time training consultant of the Chinabank Academy since 2013.

Mr. Uyquiengco is both a lawyer and a Certified Public Accountant by profession. He obtained his undergraduate degree from La Salle College, Bacolod City in 1970 with a degree in BS in Commerce Major in Accounting (graduating cum laude) and passed the CPA board in the same year. Thereafter, in 1975, he took up his Bachelor of Laws degree from the University of Negros Occidental-Recoletos, Bacolod City, graduating in 1980 and passing the bar examinations also in the same year. He also took up the advance Bank Management Program of the Asian Institute of Management from August to October 1993 and was awarded with the Highest Honor for superior performance among the forty (40) participants from various international banks.

Committee(s): Audit, Corporate Governance, Related Party Transactions, and Risk Oversight

b. Executive Officers

The following are the Executive Officers of the Bank, and their respective age, citizenship, and position as of April 15, 2021:

Rolando R. Avante (Filipino, 62 years old)

(Please refer to the previous section for Mr. Avante's professional experience).

Joseph Edwin S. Cabalde (Filipino, 51 years old)

Mr. Joseph Edwin S. Cabalde is the PBB's Treasurer and Head of the Treasury Services Group with the rank of Executive Vice President. His work experiences include: Accounting Assistant of China Banking Corporation from 1991 to 1994; Treasury Officer of Urban Bank Inc. from 1994 to 1995; Manager and Chief Dealer of Bangkok Bank Manila from 1995 to 2000; Manager at Mondex Philippines Inc. from 2000 to 2001; Manager and Chief Dealer at Bank of Tokyo Mitsubishi from 2001 to 2005; Treasury Head of Oilink International from 2005 to 2007; and Assistant Vice President and Treasurer of EEI Corporation from 2007 to 2008. Mr. Cabalde attended the Corporate Good Governance and AML Seminars sponsored by PBB.

Mr. Cabalde graduated from the University of Sto. Tomas and holds a Bachelor of Science Major in Accountancy degree.

Committee(s): Asset and Liability Management, Capital Planning, and Management

Arlon B. Reyes (Filipino, 47 years old)

Mr. Reyes is Head of Commercial Banking Group. He has over 20 years of professional experience gained from international and local financial institutions. He is proficient in global capital financing, mergers and acquisitions, loan syndication, structured finance, derivatives and treasury products, trade finance, credit & lending, and traditional commercial banking products. He is adept at financial crime management and anti-money laundering having attended intensive training and workshops on this field in an international bank setting.

His employment background includes a stint as Global Relationship Banker for Global Banking & Markets, with the rank of Senior Vice President with The Hongkong and Shanghai Banking Corporation Limited; Head of Rizal Commercial Banking Corporation's (RCBC) National Corporate Banking Group's Large Corporate Segment. He was the Head for China Desk and Foreign Branches Business Development serving concurrently as Team Leader and Relationship Manager for the Conglomerates Division of the Metropolitan Bank and Trust Co. Aside from banking, Mr. Reyes worked for the Philippine Stock Exchange's Business Development Group where he was instrumental in the creation and establishment of the Small and Medium Enterprise (SME) Capital Market or SME Board.

Mr. Reyes graduated from the University of the Philippines – Diliman in 1994 with a degree in BS Economics. He secured his Masters of Business Administration from the same university in 2001.

Committee(s): Asset and Liability Management, Capital Planning, and Management

Reynaldo T. Boringot (Filipino, 62 years old)

Mr. Reynaldo T. Boringot joined Philippine Business Bank in 2016. He was appointed as the Head of Luzon and NCR Area of Business Development Group with the rank of Senior Vice President.

He has almost 40 solid years of experience as a banker. He began his career as a New Account under Business Development in Pacific Banking Corporation from 1981 to 1985. He transferred to Metropolitan Bank & Trust Company from 1986 to 2003 as one of the youngest Branch Heads at the age of 30. Moreover, he was able to open a new branch in Tugatog, Malabon. He was later then transferred to EDSA-Caloocan as one of the youngest Center Heads. Finally, he transferred to Asia United Bank, his last employer prior to PBB where he started as Assistant Vice President in 2003 and became a Vice President concurrent as Area Head in Quezon City and north provincial branches until 2016.

Mr. Boringot graduated from the University of the East in 1980 with a degree in Bachelor of Science in Commerce major in Management. He took his MBA units from the Philippine School of Business Administration in 1982 to 1983.

Committee(s): Management

Consuelo V. Dantes (Filipino, 58 years old)

Ms. Consuelo V. Dantes was appointed as the Human Resources Group Head with the rank of Senior Vice-President in 2017. She brings with her over 30 years of expertise in the field of Human Resources Management, Corporate Support Services Group, and Business Unit Management. She was recently employed with EastWest Bank as Human Resources Group Head from 2013 to 2016. Apart from being the Head of HRG, she was also the Chief of Staff from 2012 to 2013 under the Office of the President where she worked with 12 units - Credit, Human Resources, Collection and Asset Recovery, Legal Services, Customer Service, Consumer Lending, Corporate Banking, and Administrative Services.

Prior to her stint with EWB, she was with Planters Development Bank (now China Bank Savings) for 22 years from 1990 to 2012 where she held various lead positions in Human Resources, Corporate Communications, Corporate Planning, and Collection and Asset Recovery. She was an international consultant for Human Resource Management under ShoreCap Exchange, the training arm of ShoreCap International, and worked as consultant with Cambodia Entrepreneur Building Co., Ltd. in Cambodia. She was also a speaker/facilitator in seminar-workshops conducted by ShoreCap Exchange in Chennai, India, and Luxembourg. During her stint with Planters Development Bank, she was also at one point appointed as the President and Chief Operating Officer of PDB-FMO Development Center (PDCenter).

In addition, Ms. Dantes' other banking experience also include stints with the following banks: Boston Bank of the Philippines (now Bank of Commerce - Branch Marketing and Development Group / Manager); Asiatrust Bank - Manager of Market Planning Group; and Security Bank Corporation as Branch Manager of Buendia, Makati Branch.

A Cum Laude graduate from University of the Philippines - Diliman with a degree in Bachelor of Arts in Economics, she took her MBA units with De La Salle University. Ms. Dantes is a Professional Executive Coach certified in the US-based International Coach Federation (ICF) way, by Benchmark Consulting.

Committee(s): Employee Discipline and Management

Rosendo G. Sia (Filipino, 65 years old)

Mr. Rosendo Sia joined Philippine Business Bank in 2016. He is the Senior Vice President/Group Head of the Business Development Group for Visayas and Mindanao.

In 1977, he began his career as an Assistant Chief Accountant of Rizal Securities Corp., then on the same year he joined Guzman, Bocaling & Co., CPAs, an auditing firm as an Auditor and became a Senior Auditor before moving to the Central Bank of the Philippines, now BSP, as a Non-Bank and Bank Examiner from 1981 to 1988. He joined Land Bank of the Philippines as a Branch Manager from 1988 to 1993 where he was assigned in the provincial branches of Tuguegarao City, Cebu City and Dumaguete City, among others, and held various key positions and committee membership in the association of local government controlled and owned corporations, regional development councils and represented the bank in the Board of Danao Development Bank and Rural Bank of Madridejos. He joined Metrobank in 1993 up to 2012 as Branch Head in Metro Manila area where he rose from the ranks from Senior Manager to Senior Vice President and held various key positions and committee memberships in the bank and its subsidiaries. Before joining PBB he was connected with Asia United Bank from 2012 to 2016 as Senior Vice President / Branch Banking Head for Visayas and Mindanao in concurrent capacity as Branch Lending Group Head and held various key positions and committee memberships.

Mr. Sia is a graduate of the University of the East and is a Certified Public Accountant and Masters in Business Administration from De La Salle Graduate School Academic Courses and Asian Institute of Management.

Committee(s): Management

Liza Jane T. Yao (Filipino, 50 years old)

Ms. Liza Jane Yao is the Bank's General Services Head with a rank of Senior Vice President.

She has attended various trainings/seminars which include: Seminar on Data Privacy Act, International Financing Reporting Standards 9 (IFRS 9), Corporate Governance Seminar, AMLA Seminar for Board of Directors and Senior Officers, Corporate Governance Seminar for Directors and Senior Officers, Credit Analysis and Writing Seminar, Thinking Strategically in Business Game Theory for Managers, Market Reading Seminar, Risk Awareness Seminar, Basic Financial Math Seminar, Loans Packaging and Processing Seminar, and Diploma Program in Banking.

Ms. Yao finished her BS Accountancy degree at De La Salle University.

Committee(s): Asset and Liability Management, Bid, Credit, and Management

Roselle M. Baltazar (Filipino, 46 years old)

Ms. Roselle M. Baltazar is the First Vice President, Assistant Comptroller, and Head of Central Operations Group of PBB. She joined PBB in 1999 and held various managerial and executive positions including: Assistant Manager and Senior Systems Analysts from 1999 to 2000; Manager and Head of Systems and Methods Sector (SMS) from 2000 to 2001; Senior Manager and Head of General Services Center (GSC) from 2001 to 2003; Senior Manager and Head of Branch Operations Control Center (BOCC) from 2001 to 2004; Senior Manager and Head of Central

Operations Group from 2004 to 2005; Assistant Vice President & COG Head from 2005 to 2010; and Vice President, COG Head, and Assistant Controller from 2011 to 2014.

She started her banking career at Westmont Bank (now United Overseas Bank) as CASA Bookkeeper and Loans Assistant in 1995, Audit Examiner from 1995 to 1996; and Accountant from 1996 to 1999. She is a Certified Public Accountant and a Civil Service (Professional and Sub-Professional) eligible.

Committee(s): Anti-Money Laundering and FATCA, Bid, Employee Discipline, IT Steering, Management, and Remedial and Special Assets Management

Felipe V. Friginal (Filipino, 65 years old)

Mr. Felipe V. Friginal was appointed as the Retail Banking Segment Head in 2021 holding the rank of First Vice President. He joined PBB in 2004 as Vice President spearheading the Bank's Branch Banking Group until 2017.

He started his officer training in 1983 where he was included in the Management Development Program of UCPB for six months of classroom and on-the-job training. After completing his officer training program, he held his first officer post as a Cashier in three different branches in Laguna and Batangas. Mr. Friginal had various trainings and seminars in supervision, decision-making, crisis management/problem solving, leadership, Allen Management, organizational development, and basic and core credit.

Mr. Friginal is a Bachelor of Science Major in Business Administration – Marketing from Pamantasan Lungsod ng Maynila graduate and took his MBA degree in De La Salle University.

Committee(s): Anti-Money Laundering and FATCA, Asset and Liability Management, Bid, Capital Planning, Credit, Employee Discipline; IT Steering, and Management

Eduardo R. Que (Filipino, 59 years old)

Mr. Eduardo Que, First Vice President and Group Head of Corporate Banking, joined PBB in 2012 after 31 years with Allied Banking Corporation. He top-notched his officer training class and was appointed official trainer / lecturer in the Officer Development Program of Allied Bank for subjects International Banking Operations (Foreign/Domestic Trade); Credit Management; Business Development; Account Management; and Loans and Corporate/Merchant Banking. He is the most senior account officer for Corporate Banking Division where he spent about 20 years.

He graduated college at De La Salle University with a Bachelor of Science in Commerce Major in Management of Financial Institutions degree and was a Dean's Lister. Mr. Que pursued his Masters in Business Administration at Ateneo de Manila, Rockwell and was full course Dean's Lister, batch top-notcher, and Gold Medal Awardee in academics.

Committee(s): Asset and Liability Management and Management

Maria Lourdes G. Trinidad (Filipino, 53 years old)

Ms. Malou was appointed as Chief Risk Officer and Head of Enterprise Risk Management Group with the rank of Senior Vice President.

She has her 30 years of banking experience handling various functions such as Credit Review, Treasury Trading and Liquidity and Reserve Management, Correspondent Banking, Corporate Planning, Investor Relations, and Special Projects under Strategic Planning. She started her banking career with RCBC Unibank and was seconded to RCBC Savings as CRO in September 2007 up to 2019 when the merger of the savings and unibank happened. Her last post is as Head of Special Initiatives under the unibank's ERMG.

As the CRO, and together with the bank's Risk Oversight Committee of the Board, she built RCBC Savings' risk and control infrastructure. She was the overall lead in identifying and measuring risks inherent in the bank's portfolio, and made sure that provisioning is kept to a minimum level by proactively working on the portfolio credit review, credit scoring and other initiatives to manage the bank's portfolio quality. She defined and disseminated the bank's risk philosophy and policies, and assisted risk-taking business and operating units in understanding, measuring and mitigating risk points. She put in place the bank's Risk Management Framework and Manual, Treasury Manual, Liquidity Contingency Funding Plan, and various risk operating policies and procedures. She also developed the strategic and operational framework for Business Continuity, including the enterprise Business Continuity Plan, Business Impact Analysis, Crisis Communication Plan, Pandemic Plan, Call Tree Testing, Table Top Discussion, and Disaster Recovery Plan testing.

Ms. Malou has a Bachelor of Science degree in Mathematics from University of the Philippines – Diliman in 1988. She also earned academic credits for a Master of Science degree in Mathematics from the same school.

Committee(s): Capital Planning and Management

Jose Maria P. Valdes (Filipino, 65 years old)

Mr. Jose Maria P. Valdes was appointed Information Technology Group Head in 2017 with the rank of First Vice President.

A prominent figure in the field of IT, Mr. Valdes started his career with Carlos J. Valdes & Co. CPAs as a Senior Consultant from 1979 to 1988; City Trust Banking Corp. as IT Manager from 1988 to 1992; and he became the IT Director for Dart Philippines from 1992 to 1997.

He came back to the banking industry as Chief Information Officer at ChinaTrust Bank from 1997 to 2002; and CIO again at Export and Industry Bank from 2002 to 2008. Prior to joining PBB, he was IT Director at Encash, Inc. from 2008 to 2017.

Mr. Valdes graduated from the De La Salle University with a double degree in Bachelor of Science in Commerce major in Management of Financial Institutions and Bachelor of Arts in Behavioral Sciences.

Committee(s): IT Steering and Management

Rodel P. Geneblazo (Filipino, 49 years old)

Mr. Rodel P. Geneblazo is the First Vice President and Consumer Banking Group Head of PBB. He was appointed to this position in January 2018.

A seasoned banker, he has more than 20 years of experience in consumer finance and credit cycle management. He started his banking career at PCI Bank from 1996 to 2000 as Management Development Program Trainee and rose to Head the Consumer Finance Unit in General Santos City. He joined Chinatrust Bank from 2000 to 2008 and held the positions of Head of Mortgage Loans, Head of Product Development, and Head of Credit Policy & MIS. He went to East West Bank in 2008 to 2010 as Head of Credit Services.

In 2010, Mr. Geneblazo joined Sterling Bank of Asia as Head of Credit Services up to 2012. He then became the Managing Director of Knowledge Transfer Financial Consulting Services where he provided trainings, seminars, and consultancy works in the area of consumer and microfinance loans, credit cycle management, Collections, MIS & Analytics, product development and management, both for the private and public institutions from 2012 to 2014. He went back to the banking industry in 2014 and joined Philippine Veterans Bank as Head of MIS & Analytics, and later, as its Risk Officer.

He joined Philippine Business Bank in 2015 initially as a Consultant and later became the Head of PBB's Acquired Banks. He was appointed as President of Insular Savers Bank, Inc. (A Rural Bank), a rural bank that was acquired by PBB in 2015. He moved back to PBB in the beginning of 2018 and now serves as the Bank's Consumer Banking Group Head.

Mr. Geneblazo is a graduate of the Polytechnic University of the Philippines with a degree in Bachelor of Science in Mechanical Engineering in 1992 where he was also a scholar of the Hasegawa Universal Lab Corporation. He took his Masters in Business Administration degree in 1996 from the University of the Philippines and was a National Economic and Development Authority (NEDA) scholar.

Committee(s): Asset and Liability Management, Capital Planning, and Management

Miami V. Torres (Filipino, 58 years old)

Ms. Miami V. Torres is the Head of the Credit Management Group and holds the rank of First Vice President.

She has with her over 35 years of banking experience which started at United Coconut Planters Bank where she worked through all areas of branch operations from staff position, Branch Operations Officer, Branch Marketing Officer to Branch Head. Ms. Torres joined PBB in June 2002 as a Branch Head and was later on tasked to create and set up the Remedial and Special Assets Management Group. In 2010, she was assigned to head the Credit Services Group where she introduced significant changes in the credit processes. In 2016, her area of responsibility was expanded to include seven (7) different divisions namely: Credit Services, Credit Underwriting, Portfolio Management, Credit Administration, Remedial & Special Assets Management, Credit Policy & Technical Support, and the Insurance Desk. In her almost 18-year stay with the Bank, she had consistently introduced quite a number of very relevant changes and innovations, the benefits of which ran across the entire Bank.

She is a double-degree holder – AB Behavioral Science and BSC Accounting from the University

of Santo Tomas and is a Certified Public Accountant.

Committee(s): Credit, Management, and Remedial and Special Assets Management

John David D. Sison (Filipino, 36 years old)

Mr. Dave Sison joined Philippine Business Bank in 2014. He leads the Bank's Corporate Planning and Investor Relations Group, which plays a key role in the bank's strategic management, investor relations functions, and M&A initiatives. He is also part of the MIS unit that leads the profit planning performance analysis of the Bank which assists senior management in the process of decision-making and tracks performance of the Bank's business units.

Prior to PBB, he was a private equity analyst with KGL Investment Company Asia from 2008 to 2013. Before joining KGL, Dave was an investment banking associate with PNB Capital & Investment Corporation, a boutique investment bank offering financial advisory, debt syndications, and corporate finance services. He began his career in finance as an investor relations analyst with ABS-CBN Corporation.

He graduated in 2006 with a Bachelor of Science degree in Management Engineering (an Honors Program) from the Ateneo de Manila University where he received training in traditional management disciplines (marketing, finance, operations management, organizational behavior, and strategic management), economics, and the social sciences in combination with skills development in qualitative and quantitative analysis, mathematics, statistics, and operations research. Mr. Sison completed the Value Investing Program at Columbia Business School in New York City.

Committee(s): Asset and Liability Management, Capital Planning, and Management

Rolando G. Alvendia (Filipino, 56 years old)

Mr. Rolando Alvendia is PBB's Chief Accountant and Head of General Accounting Center.

In his over 30 years of banking experience, he started his banking career at United Coconut Planters Bank as an Accounting Supervisor from 1986 to 1995 and was an Administrative Assistant at International Exchange Bank from 1995 to 1998. He started his career at PBB's General Accounting Center in 1998, where he rose from Assistant Manager to Vice President.

Mr. Alvendia is a graduate of Bachelor of Accountancy from the Polytechnic University of the Philippines and is a Certified Public Accountant.

Committee(s): Management

Enrico T. Teodoro (Filipino, 47 years old)

Mr. Enrico Teodoro is the System Support and Application Development Center Head and OIC of Project Management Group of PBB.

He joined PBB in 1997 after his stints as Data Encoder at Ace Promotion and Marketing Corporation from 1994 to 1995 and a System Analyst and Programmer at Premier Development Bank from 1995 to 1997. He started his PBB career as an Administrative Assistant in 1997 and was the Officer-In-Charge of the Bank's Information Technology Group from 2015 to 2017.

He is a graduate from the Baguio Colleges Foundation with a Bachelor of Science in Information and Computer Course degree.

Committee(s): Management

Atty. Roberto S. Santos (Filipino, 71 years old)

Atty. Roberto S. Santos is the Corporate Secretary and Head of the Legal Services Group and holds the position of Vice President.

In his over 35 years of experience in banking and finance, he was a Manager at Traders Royal Bank since 1980, held various executive positions with Security Bank from 1982 to 1999, General Manager of Security Finance Corporation from 1997 to 2001, and was the Head of the Legal Department of Metrobank Card Corporation from 2002 to 2004. Atty. Santos later joined PBB as Assistant Vice-President in 2008. He attended various seminars on Anti-Money Laundering, Corporate Governance, update on relevant tax laws, corporate rehabilitation, PSE and SEC regulations, Letters of Credit transactions, credit and collections, and other pertinent banking laws and regulations.

Atty. Santos received his law degree from the University of the East and is a graduate of Bachelor of Arts from the same university.

Committee(s): Anti-Money Laundering and FATCA, Management, and Remedial and Special Assets Management

Ma. Joyce G. Zarate (Filipino, 57 years old)

Ms. Joyce Zarate brings with her over 25 years of expertise and experience in corporate communications, branding, and product development gained from thrift, commercial and universal banks. In coordination with the Information Technology Group (ITG) and the business units, she spearheads the Bank's bid to position its brand and product offerings in the digital banking space through the development of digital channels that will further enhance service delivery and customer experience.

She had stints in East West Bank as Head of Marketing Communications, AIG Philam Bank as Head of Marketing Services, United Overseas Bank and PNB in the fields of product development and management, and public relations. Prior to joining PBB in 2018, she was head of Marketing Communications and Customer Experience at China Bank Savings.

She is a graduate of Bachelor of Arts in Economics with minor studies in Mathematics from the University of the Philippines – Diliman. She completed masteral units in Economics at Ateneo de Manila University. Also, she took a non-degree course at De La Salle College of Saint Benilde's School of Professional & Continuing Education for Product Development and Management.

Committee(s): Management and Product and Process

Angelo Miguel M. Calabio (Filipino, 31 years old)

Mr. Angelo Calabio is PBB's Trust Officer and leads the Trust and Investment Center.

Prior to joining PBB, he was connected with Security Bank Corporation as Assistant Vice President and Head of Institutional and Personal Trust under Trust and Asset Management Group. He headed a team of six (6) account officers, providing coverage to the group's institutional and personal trust accounts which include employee benefit plans, corporate and personal investment management accounts, personal management trusts, pre-need trusts and other fiduciary arrangements. He also managed and administered a specific set of assigned trust and fiduciary accounts, i.e. retirement funds, corporate IMAs, personal management trust, pre-need trust.

He started his banking career with RCBC as a Management Trainee under the Officers' Development Program (ODP) where he successfully completed a rigorous one-year training program covering all aspects of banking. After passing the ODP, he was assigned with Trust and Investment Group as Assistant Portfolio Manager. It was during this stint that he grew his knowledge in Trust and fiduciary accounts. He has experience in retirement funds, corporate IMAs, living trust accounts, etc. He also performed diverse trustee roles in project finance deals i.e. facility agency, security trusteeship, paying agency, and mortgage trust indenture, mainly focused on loan syndication for top-tier power projects such as coal, geothermal, wind, solar.

After his six-year stint with RCBC, he had a short stint with Maybank Philippines as Trust Investment Officer under Global Banking Group. He was the line manager for the investment activities of the group's Trust/Asset Management Department. He also performed credit and financial analysis of the group's corporate borrowers and/or debt issuers.

Gelo graduated with honors (Cum Laude) from the University of the Philippines – Diliman, with a Bachelor of Science in Economics degree. He is a Certified Treasury Professional and a Chartered Financial Analyst (CFA) Levels 1 and II passer. He is an active member of the Trust Officers Association of the Philippines (TOAP).

Committee(s): Management and Trust

Atty. Leonardo C. Bool (Filipino, 58 years old)

Atty. Leonardo C. Bool, is the Assistant Corporate Secretary holding the position of Assistant Vice President. He obtained his college degree, Bachelor of Science in Commerce, Major in Accounting, at the University of Santo Tomas. Also, he obtained his Bachelor of Laws (LLB) at the same University. He is a Certified Public Accountant and a Lawyer at the same time. Prior to joining Philippine Business Bank, Atty. Bool was employed with Philippine Banking Corporation (later on merged with Global Business Bank) for 13 years from 1987 to 2000. From 2000 to 2004, he was with Export & Industry Bank (EIB). After his resignation with EIB, starting 2005 to 2010, he engaged in a full time law practice handling civil, criminal, labor, corporate and administrative cases.

Committee(s): Employee Discipline and Management

Laurence R. Rapanut (Filipino, 58 years old)

Ms. Laurence R. Rapanut is the Assistant Vice President and Internal Auditor of PBB. Her work experiences include: Junior Audit Examiner of Far East Bank and Trust Company from June 1983 to January 1988; Junior Audit Examiner to Branch Controller of First Philippine International Bank from September 1988 to January 1995; Branch Accountant – Assistant Manager to Senior Assistant Manager of Westmont Bank from April 1996 to December 2000; and Senior Assistant Manager to Manager of United Overseas Bank from January 2001 to January 2006. She joined PBB in March 2006 as Supervising Audit Examiner - Manager of Internal Audit Center.

Committee(s): Bid, Employee Discipline and Management

Emma K. Lee (Filipino, 62 years old)

Ms. Emma Lee was appointed Head of Systems and Methods Center with a rank of Assistant Vice President. She started her banking career as a Client Servicing Clerk/New Account Clerk, Current Account Bookkeeper, Management Trainee, Service Head, and Branch Operations Officer in different savings and commercial banks. Ms. Lee has been with Philippine Business Bank for more than eleven (11) years where she was initially assigned to the AML Unit of the Compliance Office as an AML Compliance Officer for more than eight years and was later assigned to head the Systems and Methods Center in June 2017 up to the present.

Ms. Lee is a Bachelor of Science Major in Accounting graduate from the University of Sto. Tomas.

Committee(s): Management

Identify Significant Employees

Although PBB has relied on and will continue to rely on the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, PBB believes that it does not depend on the services of a particular employee and that there is no employee that the resignation or loss of whom would have a material adverse impact on its business.

Family Relationships

Ambassador Alfredo M. Yao and Leticia M. Yao are siblings.

Jeffrey S. Yao is the son of Ambassador Alfredo M. Yao.

Liza Jane T. Yao and Jeffrey S. Yao are spouses.

Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the fourth civil degree among directors, executive officers, and nominees for election as directors.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Bank have been involved in any legal proceedings during the past five (5) years, including without limitation being the subject of any:

1. Bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
2. Conviction by a final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
4. Order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

The following table sets forth the aggregate compensation received by its key management officers:

In ₱ millions		Aggregate Compensation Paid as a Group		
NAME	POSITION	2018	2019	2020
CEO and the four (4) most highly compensated officers of the Bank namely:		38.66	45.67	46.02
Rolando R. Avante	President & CEO			
Peter N. Yap	Chief Marketing Officer			
Arlon B. Reyes	Commercial Banking Group Head			
Joseph Edwin S. Cabalde	Treasurer			
Rosendo G. Sia	Business Development Executive			

Total Aggregate Compensation of Directors and Officers of the Bank as a group:	Salary	Other Compensation	Bonus	Total
2018	368.29	32.19	87.44	487.92
2019	430.69	30.90	102.73	564.32
2020	463.44	36.14	108.25	607.83

Compensation of Directors

Each director of the Bank receives a per diem allowance of ₱40,000.00 determined by the Board of Directors for attendance in a Board meeting and a ₱10,000.00 allowance for attendance in a committee meeting. The Directors are also entitled to a monthly gasoline allowance of ₱5,000.00. Except as disclosed above, none of these Directors receive any additional compensation for any special assignments.

Except for each of the individual Directors' participation in the Board, no Director of the Bank enjoys other arrangements such as consulting contracts or similar arrangements.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

PBB has executed pro-forma employment contracts with its Staff and Officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Bank in the event of a change in control of the Bank.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The following persons own at least five per cent (5%) of the Bank's outstanding common shares:

Title of Class	Name, Address of Record Owners and relationship with the issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	No. of shares held	Per cent of class
Common	Alfredo M. Yao 84 Dapitan St. corner Banawe St. Sta. Mesa Heights, Quezon City Stockholder	The record owner is the beneficial owner of the shares indicated	Filipino	239,838,309	37.26%
Common	Zest-O Corporation 574 EDSA Caloocan City Stockholder	The record owner is the beneficial owner of the shares indicated	Filipino	162,052,923	25.17%
Total Common Shares				401,891,232	62.43%

On November 16, 2012, the SEC approved PBB's application for the amendment of its articles of incorporation to increase its authorized capital stock from ₱3.0 billion to ₱10.0 billion and for a decrease in par value from ₱100.0 to ₱10.0.

On January 24, 2019, the Board of Directors approved the increase of PBB's authorized capital stock to ₱20.0 billion from ₱10.0 billion, subject to the approval of BSP and SEC. PBB is increasing its authorized capital stock in preparation for an enlarged shareholders' equity base. This will greatly expand the Bank's capability to develop more businesses and harness opportunities in the financial services space. The increase will enable PBB to meet the growing demands of the banking business.

Security Ownership of Management

The following directors and executive officers of the Company directly own approximately 0.79% percent of the Company's issued and outstanding common stock as of December 31, 2019 as follows:

Name of Director	Nationality	Present Position	No. of Shares	Class
Jeffrey S. Yao	Filipino	Chairman	1,620,536	Common
Rolando R. Avante	Filipino	Vice Chairman and President / CEO	1,692,722	Common
Honorio O. Reyes-Lao	Filipino	Director	254,998	Common
Leticia M. Yao	Filipino	Director	1,680,535	Common
Roberto A. Atendido	Filipino	Director	108,750	Common
Danilo A. Alcoseba	Filipino	Director	120	Common
Paterno H. Dizon	Filipino	Independent Director	132,558	Common
Benjamin R. Sta. Catalina	Filipino	Independent Director	56,358	Common
Narciso D.L. Eraña	Filipino	Independent Director	100	Common
Atty. Roberto C. Uyquiengco	Filipino	Independent Director	1,000	Common
Joseph Edwin S. Cabalde	Filipino	Treasurer	14	Common
Atty. Roberto Santos	Filipino	Corporate Secretary	15,000	Common

The aggregate shareholdings of the Bank's Directors and Officers as a group is 0.86% with a total of 5,562,691 number of shares.

Voting Trust Holders of 5% Or More

The Bank is unaware of any person holding more than five per cent (5%) of shares under a voting trust or similar agreement.

Changes in Control

There have been no arrangements that have resulted in a change of control of the Bank during the period covered by this report.

Item 12. Certain Relationships and Related Transactions

The Bank's related parties include entities under common ownership, key management and others as described below.

	2019		2020	
	Transaction	Balance	Transaction	Balance
Key management personnel				
Compensation	169,435,231	-	173,943,541	-
Deposit liabilities	1,793,996	61,958,640	18,910,570	80,869,210
Loans	1,768,816	3,518,506	5,443,377	8,961,883
Interest expense	869,789	-	1,055,506	-
Interest income	139,924	21,193	521,139	237,402
Other related parties:				
Deposit liabilities	239,751,095	5,260,090,348	2,527,224,276	7,787,314,624
Loans	1,520,933,132	1,104,543,284	(401,154,581)	703,388,703
Interest expense	141,278,909	-	115,342,717	-
Interest income	71,289,114	2,445,969	28,111,843	1,427,283
Retirement Fund				
Contribution	37,144,819	-	37,133,819	-
Plan Assets	22,243,814	232,006,439	26,350,572	258,357,011

i. DOSRI Deposits

The total balance of DOSRI deposits is inclusive of the corresponding related accrued interest included in the financial statements as of December 31, 2019 and 2020.

Deposit liabilities transactions with related parties have similar terms with other counterparties (see Note 16).

ii. DOSRI Loans

The Bank has loan transactions with its officers and employees. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

The General Banking Act of the BSP provides that in aggregate, loans to DOSRI generally should not exceed the Bank's total equity or 15% of the Bank's total loan portfolio, whichever is lower. In addition, the amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their deposits and the book value of their investments in the Bank. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2020 and 2019, the Bank has satisfactorily complied with the BSP requirement on DOSRI limits.

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

	December 31, 2019	December 31, 2020
Total outstanding DOSRI loans	₱ 1,012,228	₱ 712,351
% of loans to total loan portfolio	1.2%	0.8%
% of unsecured loans to total DOSRI/related party loans	3.7%	8.1%
% of past due loans to total DOSRI/related party loans	0.0%	0.0%
% of non-performing loans to total DOSRI/related party loans	0.0%	0.0%

The details of total outstanding DOSRI Loans for the year ended December 31, 2019 and 2020 are shown below:

	<u>2019</u>	<u>2020</u>
Commercial loans	P 967,374	P 655,000
Consumer loans	<u>44,854</u>	<u>57,351</u>
	<u>P 1,012,228</u>	<u>P 712,351</u>

The Bank leases the following properties from affiliated parties:

Property	Owner
Grace Park	SMI Development Corporation
Edsa-Kalookan	Solmac Marketing Inc.
Quintin Paredes	Downtown Realty Investment Corporation
Banawe	Solmac Marketing Inc.
Makati	AMY Leasing Company
OBO- Taguig	SMI Development Corporation
Z-Square Mall (Del Monte Branch ATM Off-site)	SMI Development Corporation
Head Office Annex- Z-Square	SMI Development Corporation

iii. Transactions with Retirement Fund

The retirement fund neither provides any guarantee or surety for any obligation of the Bank nor its investments by any restrictions or liens.

iv. Key Management Personnel Compensation

Salaries and short-term benefits received by key management personnel are summarized below.

	2018	2019	2020
Short-term benefits	₱ 124,500,369	₱ 154,170,851	₱ 167,058,946
Post-employment benefits	33,527,874	15,264,380	6,884,595
Total	₱ 158,028,243	₱ 169,435,231	₱ 173,943,541

The composition of the Bank's short-term benefits are as follows:

	2018	2019	2020
Salaries and wages	₱ 96,765,374	₱ 119,612,861	₱ 129,013,729
Bonuses	24,276,370	30,079,925	32,227,373
Social security costs	1,524,668	2,033,845	2,531,250
Other short-term benefits	1,933,957	2,444,220	3,286,595
Total	₱ 124,500,369	₱ 154,170,851	₱ 167,058,946

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Board of Directors, management, staff, and shareholders of Philippine Business Bank believe that corporate governance is an indispensable component of what constitutes sound strategic business management and commits to the best practices contained in the board approved Corporate Governance Manual that institutionalize the principles of good corporate governance in the entire organization.

PBB is committed to conform to the highest standards of ethics and corporate governance and to comply with all governing laws, rules, and regulations and with established corporate policies and procedures, thereby maintaining excellence in all aspects of its operations.

The Bank, as a publicly listed institution, is being regulated and supervised by the Bangko Sentral ng Pilipinas and Securities and Exchange Commission. Hence, activities of the Bank are subject to the following relevant laws and regulations such as but not limited to: General Banking Law of 2000 (RA No.8791), Manual of Regulations for Banks, Revised Corporation Code of the Philippines, and anti-money laundering rules and regulations.

The Bank also adheres to the Sustainability Finance Framework implemented by SEC and BSP. Details of which are shown separately in the Sustainability Report of the Bank.

Responsibilities of the Bank's Board of Directors:

- Define the Bank's corporate culture and values
- Responsible for approving the Bank's objectives and strategies and in overseeing management's implementation thereof
- Responsible for the appointment/selection of key members of senior management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel
- Responsible for approving and overseeing implementation of the Bank's corporate governance framework and risk governance framework

Major role and contribution of the Chairman of the Board

The Chairman of the Board shall provide leadership and ensure effective functioning of the Board of Directors, including maintaining a relationship of trust with the members. He shall:

1. Ensure that the meeting agenda focuses on strategic matters, including discussion on risk appetites and key governance concerns;
2. Ensure a sound decision making process;
3. Encourage and promote critical discussion;
4. Ensure that views can be expressed and discussed within the decision-making process;
5. Ensure that members of the Board of Directors receive accurate, timely, and relevant information;
6. Ensure the conduct of proper orientation for first time directors and provide training opportunities for all directors; and
7. Ensure conduct of performance evaluation of the board of directors at least once a year.

Name of Directors	Board		Executive		Audit		Corporate Governance	
	Attended	%	Attended	%	Attended	%	Attended	%
Jeffrey S. Yao	10	100%	12	100%				
Rolando R. Avante	10	100%	12	100%				
Danilo A. Alcoseba	9	90%			9	90%	8	80%
Roberto A. Atendido	9	90%			10	100%	9	90%
Paterno H. Dizon	10	100%			10	100%	10	100%
Honorio O. Reyes-Lao	10	100%	12	100%				
Benjamin R. Sta. Catalina, Jr.	10	100%			10	100%	10	100%
Dra. Leticia M. Yao	10	100%						
Narciso DL. Eraña	9	90%			10	100%	9	90%
Atty. Roberto C. Uyquiengco	10	100%			9	90%	10	100%
Total number of meetings held during the year 2019	10		12		10		10	

Name of Directors	Related Party Transactions		Risk Oversight		Trust	
	Attended	%	Attended	%	Attended	%
Jeffrey S. Yao					4	100%
Rolando R. Avante					4	100%
Danilo A. Alcoseba	8	89%	9	90%		
Roberto A. Atendido	8	89%	9	90%		
Paterno H. Dizon	9	100%	10	100%		
Honorio O. Reyes-Lao			10	100%	4	100%
Benjamin R. Sta. Catalina, Jr.	9	100%	10	100%		
Dra. Leticia M. Yao					4	100%
Narciso DL. Eraña	9	100%	10	100%		
Atty. Roberto C. Uyquiengco	9	100%	10	100%		
Total number of meetings held during the year 2019	9		10		4	

Related Party Transactions

The Board of Directors have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors, and other stakeholders. The Board is responsible for approving all material RPTs, those that cross material threshold, and write-off of material exposures to related parties, and submits the same for confirmation by majority vote of the stockholder in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall be approved by the Board of Directors. The Board of Directors delegated to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the Board of Directors. This excludes DOSRI transactions, which are required to be approved by the Board.

The Board of Directors constituted an RPT Committee who will:

1. Evaluate on an on-going basis the existing relationship between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent relationships with counterparties are captured;
2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions;
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures and policies on conflict of interest or potential conflict of interest;
4. Report to the Board of Directors on a regular basis the status and aggregate exposure to each related party;
5. Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review; and
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting the RPTs including the periodic review of RPT policies and procedures.

The senior management shall implement appropriate controls to effectively manage and monitor RPTs.

PBB's RPT shall be allowed provided that these comply with applicable regulatory/internal limits/requirements and dealings are conducted at arm's length basis. Said transactions shall only be made and entered into substantially on terms and conditions not less favorable than those with other customers of comparable risks.

RPTs shall not require the approval of the Board of Directors, except on the following:

1. Transactions with DOSRI which presently require prior approval from the BOD under existing policy of the Bank and in accordance the MORB; and
2. RPTs that exceed the material threshold amounts, as approved by the Board.

Approval of the RPT with non-DOSRI and those that do not exceed the material threshold amounts shall be in accordance with the revised policy on levels of signing authority, as approved by the Board. All RPTs that cross the threshold amounts shall be considered as material RPTs and shall be subject to pre-board approval evaluation by the RPT Committee before the same are endorsed to the Board for approval. All approved RPTs shall be reported by the booking/contracting units to the Central Operations Group (COG) upon approval of the transaction/signing and notarization of the contract for MIS disclosure and regulatory reporting purposes.

If an actual or potential conflict of interest arises on the part of the director, officer or employee, he is mandated to fully and immediately disclose the same and should not participate in the decision-making process related to the transactions. Any member of the Board who has an interest in the transaction under evaluation shall not participate therein and shall abstain from voting on the approval of transaction.

Transactions that were entered into with unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the RPT to the requirements of the RPT Policy.

To ensure that RPTs are done at arm's length, all transactions with related parties shall undergo the normal/regular transaction processing and approval. Interest on loans and other credit accommodations and deposit/deposit substitute shall be consistent with the price discovery mechanism/standards of the bank as posted in its website. Other economic terms of RPTs shall likewise be based on existing policy of the bank. All RPTs with deviation shall be subject to evaluation and endorsement by the RPT Committee to the Board of Directors for approval, regardless of amount, and shall be supported by written justifications. Price discovery mechanism for ROPA and selection of service providers and supplier are also mentioned in the RPT policy of the Bank.

Materiality thresholds for each type of transactions with each related party or group of related parties are specified in the RPT Policy. Internal limits for individual and aggregate exposures are also defined in the RPT Policy to ensure that RPTs are within prudent levels.

As a publicly listed company that is regulated by the Securities and Exchange Commission, the Bank also adheres and complies with SEC rules and regulations for related party transactions such as but not limited to SEC Memorandum Circular No. 010 Series of 2019 (Rules on Material Related Party Transactions).

Self-Assessment Function

The control environment of the Bank consists of:

- a. Board of Directors - ensures that PBB is properly and effectively managed and supervised;
- b. Management - manages and operates the Bank in a sound and prudent manner;
- c. Organizational and procedural controls supported by effective management information and risk management reporting system; and
- d. An independent audit mechanism to monitor the adequacy and effectiveness of the Bank's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

Consumer Protection Practices

A. Board and Senior Management Oversight Function

a. Board of Directors

The Board shall be primarily responsible for approving and overseeing the implementation of policies governing major areas of the Bank's consumer protection program, including the mechanism to ensure compliance with the set policies.

The roles of the Board shall include the following:

- i. Approve the consumer protection policies;
- ii. Approve risk assessment strategies relating to effective recourse by the consumer;
- iii. Provide adequate resources devoted to consumer protection; and
- iv. Review the applicable policies periodically.

b. Senior Management

The senior management shall be responsible for the proper implementation of the consumer protection policies and procedures duly approved by the Board. Also, its role shall focus on ensuring effective management of day-to-day consumer protection activities.

B. Consumer Protection Risk Management System

The Bank's Consumer Protection Risk Management System (CPRMS) shall form part of the Corporate-wide Risk Management System. It is a means to identify, measure, monitor and control consumer protection risks. Risk Management Strategies shall include appropriate management controls and reasonable steps to ensure that:

- a. it identifies and remedies any recurring or systematic problems; and
- b. identifies weaknesses in internal control procedures or process.

This may be done by:

- a. analyzing complaints/requests data;
- b. analyzing causes for complaints/requests;
- c. consideration whether such identified weaknesses may also affect other processes or products, including those not directly complained of/requested; and

- d. correcting whether reasonable to do so, such causes taking into consideration the concomitant costs and other resources.

C. Consumer Assistance Management System

The Consumer Assistance Management System (CAMS) is a mechanism that records all complaints filed by customers either through the BSP or directly to the concerned branch. The system also monitors the status of the complaints' processing and resolution.

The general process of handling customer complaints is as follows:

- a. The client may lodge his/her complaint through any of the following means:
- i. By personally visiting the concerned branch/head office unit (where he/she shall be asked to fill out the Customer Complaint Form [CCF]);
 - ii. Through telephone via the following contact numbers: or

Telephone Numbers	Available Time
Branch/H.O. unit	9:00 AM – 4:00 PM (Monday to Friday)
Consumer Protection Direct Line <ul style="list-style-type: none"> • (02) 8363-4357 • (02) 8244-9176 Domestic Toll Free Hotline <ul style="list-style-type: none"> • 1-800-1-888-4357 	9:00 AM – 4:00 PM (Monday to Friday)
Card-related Concerns Hotline/PBB Helpdesk <ul style="list-style-type: none"> • (02) 8363-3000 Domestic Toll Free Hotline <ul style="list-style-type: none"> • 1-800-10-363-3000 	24 hrs. (Monday to Sunday)

- iii. Via e-mail at consumerprotection@pbb.com.ph
- iv. Scanning the QR Code posted in Philippine Business Bank website

- b. The concerned branch/HO Consumer Assistance Officer (CAO) shall validate the complaint received from the customer. If the complaint can be resolved immediately/upfront, he/she shall explain to the client the resolution of the complaint. If the complaint cannot be resolved immediately, he/she shall explain to the client the following timeline (which are reckoned from the date of receipt of the complaint):

	If the complaint is classified as “Simple”	If the complaint is classified as “Complex”
Acknowledgment	Within 2 days	Within 2 days
Processing and resolution (assess, investigate, and resolve)	Within 7 days	Within 45 days
Communication of resolution	Within 9 days	Within 47 days

The Consumer Assistance Officer (CAO) shall transmit the CCF to the Consumer Protection Unit via e-mail.

- c. The complaint shall pass through the Consumer Protection Officer (CPO) or the PBB Helpdesk (if the complaint is lodged via telephone), who shall acknowledge receipt of the

same and shall obtain/record the details of the complaint in the CAMS. The CPO (or PBB Helpdesk) shall then assign the complaint to the concerned support group.

- d. The support group retrieves the complaint received through the CAMS or e-mail (whichever is applicable) and performs the necessary corrective actions based on the nature of the complaint. The resolution made on the complaint shall then be recorded accordingly in the CAMS or reply via e-mail (whichever is applicable).
- e. Once the complaint has been resolved by the Support Group, the CPO shall tag it as closed in the CAMS. The CPO (or the PBB Helpdesk) shall also be the one to generate and submit the Customer Complaint Summary Report monthly to the Consumer Protection Head.
- f. The Consumer Protection Head shall perform the following tasks:
 - i. Monitor and evaluate customer complaints handling process;
 - ii. Analyze the nature of the complaints and recommends solutions to avoid recurrence;
 - iii. Extract generated complaints report monthly except when it is urgently needed to be submitted to and reviewed by the HR Head;
 - iv. Recommend the resolution of the case or if needed to be elevated to proper authorities or needed to be taken up in the Committee on Employee Discipline (CED), if applicable;
 - v. Report to senior management on a quarterly basis the complaints received and the resolutions applied;
 - vi. Report periodically to the Board all complaints received within the period as stated; and
 - vii. Make recommendation and assessment on the cases filed to avoid recurrence in the future.
- g. To assess if the complaints have been resolved at the highest degree of satisfaction, the Bank also asks feedback through its Complaint Handling Feedback Form. This is sent via email to the concerned client after a complaint's resolution. In addition, and to ensure consistency in the level of service rendered after the complaint filing, the Bank monitors the implementation of the resolution after 30, 60, and 90 days through Service Recovery Strategy (SRS) Tracking System.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

Annex A..... Audited Financial Statements

(b) Reports on SEC Form 17-C

State whether any reports on SEC Form 17-C, as amended were filed during the last six month period covered by this report, listing the items reported, any financial statements filed and the dates of such.