

COVER SHEET

A 1 9 9 7 0 1 5 8 4

S.E.C. Registration Number

PHILIPPINE BUSINESS BANK, INC.
a savings bank

(Company's Full Name)

350 RIZAL AVENUE EXTENSION
CORNER 8TH AVENUE GRACE PARK
CALOOCAN CITY

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

Rolando G. Alvendia

Contact Person

363-3333 local 2004

Company Telephone Number

Month Day
Fiscal Year

Preliminary Information Statement

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings
Domestic

Domestic

Total Amount of Borrowings
Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[] Preliminary Information Statement
[] Definitive Information Statement
2. Name of Registrant as specified in its charter **PHILIPPINE BUSINESS BANK, INC.**
3. **Caloocan City, Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **A199701584**
5. BIR Tax Identification Code **000-005-469-606**
6. **350 Rizal Avenue corner 8^h Avenue, Gracepark, Caloocan City** **1400**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(02) 363-33-33**
8. **May 31, 2019 @ 2:00 p.m. at the Makati Diamond Residences, No. 118 Legazpi Street, Legazpi Village, Makati City.**
Date, time and place of the annual meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders **on or before May 09, 2019.**
10. **In case of Proxy Solicitations:**
PHILIPPINE BUSINESS BANK IS NOT SOLICITING PROXIES.
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|----------------------|---|
| <u>Common</u> | <u>643,750,094</u> |
12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes No
- If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON SHARES OF STOCK**

PHILIPPINE BUSINESS BANK, INC.

SEC FORM 20-IS

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date : May 31, 2019
Time : 2:00 p.m.
Place : Makati Diamond Residences, No. 118 Legazpi Street, Legazpi Village, Makati City

Mailing Address of Principal Office:

350 Rizal Avenue corner 8th Avenue,
Gracepark, Caloocan City

This information statement shall be first sent or given thru personal delivery and/or by registered mail to stockholders and/or security holders on or before May 09, 2019.

Record Date

The record date for the purpose of determining the stockholders entitled to notice of and to vote at the Annual Meeting is May 09, 2019. (the "Record Date").

Dissenters' Right of Appraisal

At the scheduled regular meeting, there are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Sections 81 and 82, Title X of the Corporation Code of the Philippines which state that "Sec. 81. Instances of Appraisal of right. Any stockholder of the Bank shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of stockholders or extending corporate life of the corporation; 2) sale, transfer or lease of all or substantially all of the corporate properties; and 3) in case of merger or consolidation. Section 82. How right is exercised. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares xxx."

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- A) No current director or officer of PBB, or nominee for election as director of the Bank or any associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in stockholders' meeting, other than election to office.
- B) No director has informed PBB in writing that he intends to oppose any action to be taken by the Bank at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- A.) Class of Voting Securities : 643,750,094 Common Shares are entitled to vote on May 31, 2019 Annual Stockholders Meeting.

- B.) Record Date : Only the stockholders of record as of May 09, 2019 are entitled to notice of and to vote at the meeting.
- C.) Foreign Ownership : 9,908,054 shares as of March 31, 2019 which is 1.54% of the total outstanding shares.

Nomination and Election of Directors and Independent Directors and Manner of Voting

The method of counting the votes of the shareholders shall be in accordance with Sections 23 and 27 of the Corporation Code of the Philippines, Section 15 of the General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code and Section X141 of the Manual of Regulations for Banks, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors.

All nomination forms shall be submitted to any of the members of the Nomination Committee or to the Corporate Secretary on or before May 09, 2019. The Nomination Committee shall pre-screen the qualifications of all the nominees and shall prepare a Final List of Candidates, which shall contain all the information about all the nominees for Independent Directors as required under existing rules and regulations.

As to the manner of voting, Article II, Section 7 of the Bank's By-laws provides that during the annual meeting, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. For this purpose, the proxy instrument must be duly notarized and presented and validated by the Corporate Secretary. Counting will be done by tabulation of the votes by the Corporate Secretary, who acts as the election inspector, with the assistance of her staff and the stock and transfer agent.

Under Section 24 of The Corporation Code of the Philippines, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may also distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

PBB is not soliciting proxy from any of its stockholders.

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 as of March 31, 2019:

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	PCD Nominee Corporation-Filipino 37/F, Tower 1, Enterprise Center, Ayala Avenue, Makati City	Various stockholders/clients. None among the stockholders under the PCD holds 5% or more of the Bank's securities.	Filipino	218,532,450	33.95%

Common	Zest-O Corporation 574 EDSA Caloocan City Stockholder (Represented by Carolyn S. Yao, authorized to vote the shares of Zest-O Corp.)	The record owner is the beneficial owner of the shares indicated	Filipino	162,052,922	25.17%
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Voting Trust Holders of 5% or more

To the extent known to the Bank, there is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement, as there has been no voting trust, which has been filed with the Bank and the Securities and Exchange Commission.

Change in Control

There is no arrangement that may result in a change in control of the Bank during the period covered by this report.

Security Ownership of Management

The following directors and executive officers of the Company directly own approximately [4.12%] percent of the Company's issued and outstanding common stock as of March 31, 2019 as follows:

Title of Class	Name of Director / Nationality	Present Position	No. of Shares / Nature	%
Common	Francis T. Lee / Filipino	Chairman	26,505,000 / Direct	4.12%
Common	Jeffrey S. Yao / Filipino	Vice-Chairman/Director	1,620,535 / Direct	negligible
Common	Leticia M. Yao / Filipino	Director	1,680,535 / Direct	negligible
Common	Rolando R. Avante / Filipino	President & CEO	646,048 / Direct	negligible
Common	Narciso DL. Eraña / Filipino	Director	100 / Direct	negligible
Common	Benjamin R. Sta. Catalina, Jr. / Filipino	Director	56,358 / Direct	negligible
Common	Paterno H. Dizon / Filipino	Director	110,465 / Direct	negligible
Common	Roberto C. Uyquiengco / Filipino	Director	1,000 / Direct	negligible
Common	Honorio O. Reyes-Lao / Filipino	Director	84,374 / Direct 170,624 / Indirect	negligible
Common	Roberto A. Atendido / Filipino	Director	108,750 / Direct	negligible
Common	Danilo A. Alcosoba / Filipino	Director	120 / Direct	negligible
Common	Joseph Edwin S. Cabalde / Filipino	Treasurer	14 / Direct	negligible
Common	Atty. Roberto S. Santos / Filipino	Internal Legal Counsel & Corp. Sec.	15,000 / Direct	negligible

The aggregate shareholdings of the Bank's Directors and Officers as a group is 4.12%.

Directors and Executive Officers

Directors and Executive Officers:

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

Incumbent	Age	Nationality	Position with the Bank	Date of election
Amb. Alfredo M. Yao	74	Filipino	Chairman Emeritus	Jul 26, 2010
Francis T. Lee	70	Filipino	Chairman	Apr 30, 2010
Jeffrey S. Yao	51	Filipino	Vice Chairman	April 1, 2016
Rolando R. Avante	60	Filipino	President & Chief Executive Officer	Nov 2, 2011

Honorio O. Reyes- Lao	75	Filipino	Director	Apr 29, 2011
Danilo A. Alcoseba	67	Filipino	Director	May 27, 2016
Roberto A. Atendido	72	Filipino	Director	May 26, 2006
Leticia M. Yao	66	Filipino	Director	Apr 29, 2011
Paterno H. Dizon	81	Filipino	Independent Director	Apr 2006
Benjamin R. Sta. Catalina, Jr.	71	Filipino	Independent Director	Jul 16, 2012
Narciso D.L. Erafa	67	Filipino	Independent Director	May 25, 2018
Atty. Roberto C. Uyquiengco	71	Filipino	Independent Director	May 25, 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, 74 years old)

Mr. Alfredo M. Yao is the Chairman Emeritus of PBB. He is con-currently the Chairman of Zest-O Corporation, Semexco Marketing Corp., and Asiawide Refreshments Corp. He is the President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. and was a former director of Export and Industry Bank. 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.

Francis T. Lee (Filipino, 70 years old)

Mr. Francis T. Lee was appointed Chairman of the Board on July 26, 2010 and was last re-elected as Director on May 25, 2018. Before holding the Chairmanship position, Mr. Lee was first appointed as Chief Operating Officer (COO) last September 1, 2011. He was also President of the AMY Foundation - the social responsibility arm of the Yao Group of Companies, from December 8, 2003 up to December 8, 2013.

An experienced banker for more than 30 years. Mr. Lee started his banking career with Pacific Bank. He has held a number of executive positions from Senior Manager to Senior Vice President at the Metrobank Group from 1988 to 2000 before joining PBB.

Mr. Lee has participated in the following seminars: Philippine Institute of Banking in 1969; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Team Building Workshop in 2004 at PBB; Risk Awareness Seminar in 2009 at the Pacific Management Forum; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2012 and in 2014; and Corporate Governance Seminar for Board of Directors on December 10, 2015.

Mr. Lee studied Bachelor of Arts in Business Administration at Manuel L. Quezon University.

Committee(s): Executive

Jeffrey S. Yao (Filipino, 51 years old)

Mr. Jeffrey S. Yao was appointed to the Board in 1999. On April 01, 2016, he assumed the position of Vice-Chairman.

He is a Director at Asiawide Refreshments Corporation and has been the Chief Operating Officer (COO) of the Zest-O Corporation since 2005. 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; and Distinguished Corporate Governance Speaker Series on August 24, 2015.

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

Committee(s): Audit, Executive, IT Steering, Risk Oversight, and Trust.

Rolando R. Avante (Filipino, 60 years old)

Mr. Rolando R. Avante was appointed President and Chief Executive Officer since November 2, 2011.

Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.

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 Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (PHILS.) Commercial Bank Corp. 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.

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 & FATCA, Asset & Liability, Bid, Credit, Executive, Management, IT Steering, Remedial & Special Assets Management, and Trust.

Honorio O. Reyes- Lao (Filipino, 75 years old)

Mr. Honorio O. Reyes-Lao, was appointed to the Board on April 29, 2011 and last re-elected as Director on May 25, 2018.

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 Holding Corporation and a Member of the Society of Institute of Corporate Directors (ICD) Fellows since 2004.

His background and trainings include Overall Banking Operations at the Philippine Institute of Banking in 1971 to 1972; Director Certification Program at the Institute of Corporate Directors (ICD) in 2004; and the AMLA Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.

Mr. Lao holds a post-graduate degree, Masters in Business Management, from the Asian Institute of Management and he 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): Risk Oversight, and Trust.

Danilo A. Alcosoba (Filipino, 67 years old)

Mr. Danilo A. Alcosoba was the former President & CEO of PBB and was appointed to the Board on May 25, 2018. His work experience include: Branch Head at Bancom Development Bank, Cebu Branch from 1977-1979, Assistant Vice-President of Traders Royal Bank from 1979-1983, First Vice-President/Treasury Division of Boston Bank of the Philippines from 1983-1998 and Consultant at SM Investments Corporation from 2005-2007.

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. Alcosoba obtained his college degree, Bachelor of Science in Commerce, Major in Accounting, at the University of San Carlos. He also has a post-graduate in Industrial Economics at the University of the Philippines in 1976.

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

Roberto A. Atendido (Filipino, 72 years old)

Mr. Roberto A. Atendido, was appointed to the Board on May 26, 2006 and last re-elected as Director on May 25, 2018.

He is a seasoned investment banker and a recognized expert in the field with over 30 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 1980-1982. He then moved to PCI Capital Asia, Ltd. (HK) as Vice President from 1982-1983. 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 1983-1988. 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 of AAHDC and Executive Vice Chairman of AAIC.

Currently, Mr. Atendido is a member of the Board of Directors of Paxys Inc., Philippine Business Bank, PICOP Resources, Inc., Pharmarex, Inc. Ardent Property Development Corp., First Ardent Property Corp., and GEM Communications & Holding Corp. He is also Vice Chairman and Director of Sinag Energy Philippines, Inc., (since 2008), Chairman and President of Myka Advisory and Consulting Services, Inc. (since 2010). He has also held directorships in the past in the Philippine Stock Exchange (2005-2009), Securities Clearing Corporation (2006-2010), Export & Import Bank as an Independent Director (2006-2012), Marcventures Holdings, Inc. (2010-2013), Carac-An Development Corp. as Chairman from 2010-2013, and Beneficial Life Insurance Corp. from 2008-2014. 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 2009-2011.

He has attended trainings in Corporate Governance & Risk Management for the Bank's Board of Directors at the Development Finance Institute in 2003; Risk Management and Basel 2 Seminar at the 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 on August 24, 2015, 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015 and 2015 Distinguished Corporate Governance Speaker Series 3 on November 06, 2015.

Mr. Atendido is a graduate of the Asian Institute of Management with a Master's 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 Transaction, and Risk Oversight.

Leticia M. Yao (Filipino, 66 years old)

Leticia M. Yao was appointed to the Board on April 29, 2011 and last re-elected as Director on May 25, 2018.

A well-respected figure in the healthcare industry, Yao was appointed at the United Doctors Medical Center (UDMC) as a Consultant at the Department of Medicine from 1991 to 2012.

She participated in training sessions for Corporate Governance & Risk Management for Banks' Board of Directors at the Development Finance Institute in 2002 and further taken the Risk Awareness Seminar at the Pacific Management Forum in 2009. Earlier this year, she attended the AMLA Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series on August 24, 2015 and Corporate Governance Seminar for Board of Directors on December 10, 2015 to hone her skills as Director of PBB.

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 also from the University of Sto. Tomas.

Committee(s): Trust.

Paterno H. Dizon (Filipino, 81 years old)

Mr. Paterno H. Dizon, was appointed Independent Director to the Board on April 27, 2012 and last re-elected as Independent Director on May 25, 2018.

He had previously served as President to the following institutions: Science Park of the Phil. 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; Export & Industry Bank from 1994 to 2006; and EIB Securities from 2004 to 2006. He served on the board of Phil. Export-Import Credit Agency from 2010 to 2012. He was elected as Chairman of the Phil. Exporters' Confederation Inc. since 1990 up to the present. He has been the President and CEO of Holy Cross College of Pampanga since 2012.

He has attended training sessions in Financial Management at SGV in 1974, Money and Banking from the Ateneo De Manila University in 1959, Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, Risk Awareness Seminar at the Pacific Management Forum in 2009, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.

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

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

Benjamin R. Sta. Catalina, Jr. (Filipino, 71 years old)

Mr. Benjamin R. Sta. Catalina, Jr., was appointed Independent Director to the Board on July 2012 and last re-elected as Independent Director on May 25, 2018. He first assumed his independent directorship at PBB in 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 then handled the World Corporation Group for Middle East Africa, Division Training Center as Regional Administrator. He was appointed to General Manager and handled 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 at the Boston Consulting Group. In 1987 he has attended the MAC Approach Course and Alcar Valuation Seminar at MEAD Training Center in Greece. He attended the Corporate Finance II in 1988 at 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, Marketing Financing Ideas to Issuers at Citibank Training Center.

Most recently, he attended the Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2003, and the Anti Money Laundering Act Seminar in 2014, Distinguished Corporate Governance Speaker Series on August 24, 2015 and 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015.

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 Transaction, and Risk Oversight.

Narciso DL. Eraña (Filipino, 67 years old)

Mr. Narciso DL. Eraña was appointed Independent Director to the Board on May 25, 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. ICAP Philippines was appointed by the Bankers Association of the Philippines to manage the first Peso Interest Rate Swap Central Trade Reporting System in the country.

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 Transaction, and Risk Oversight.

Roberto C. Uyquiengco (Filipino, 71 years old)

Mr. Roberto C. Uyquiengco was appointed to the Board as Independent Director on May 25, 2018.

He has been in the banking and finance industry for almost 34 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 1970 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 July 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 (CPA) 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 Transaction, and Risk Oversight.

b. Executive Officers

The following are the Executive Officers of the Bank, and their respective age, citizenship and position as of March 13, 2019:

Rolando R. Avante (Filipino, 60 years old)

Mr. Rolando R. Avante was appointed President and Chief Executive Officer since November 2, 2011.

Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.

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 Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (PHILS.) Commercial Bank Corp. 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.

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 & FATCA, Asset & Liability, Bid, Credit, Executive, Management, IT Steering, Remedial & Special Assets Management, and Trust

Peter N. Yap (Filipino, 71 years old)

Mr. Peter N. Yap was appointed Chief Marketing Officer (CMO) on January 2018. He was the former Chief Operating Officer of PBB from April 2017 to December 2017 and Vice Chairman from August 2, 2010 to March 31, 2016 prior to his retirement.

In the span of his 40-year successful banking career, he held various positions from Manager in RCBC in 1977, Senior Manager to Executive Vice President and Head of Retail Banking Group of Allied Banking Corp. from 1978 to 2009.

He also held directorships in Allied Savings Bank from 2009 to 2010; Allied Leasing and Finance Corp. from 2009 to 2010; and Bancnet, Inc. from 2003 to 2009 where he was also elected as the Treasurer. Mr. Yap was also elected director in Insular Savers Bank, Inc. (A Rural Bank) from October 2015 to March 2016.

He has attended training sessions such as the Officer Development Program in 1977 at RCBC; Management Development Workshop in 1978, Negotiable Instrument Seminar in 1979, International Workshop in 1979, Bank Selling Skills Program in 1980, Break-Even Analysis Workshop in 1982 all conducted by Allied Bank; AHI Developing Executive Skills in 1981 at the ASEAN Banking Council; Management Development Program - Kaizen in 1982 at Ancella, Inc.; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; Corporate Governance Seminar for Board of Directors in November and in December, 2014; Distinguished Corporate Governance Speaker Series and the ASEAN Corporate Governance Conference and Awards in 2015 conducted by the Institute of Corporate Directors.

Mr. Yap graduated from the University of San Carlos with the degree of Bachelor of Science in Chemical Engineering and has taken MBA units from the University of the Philippines - Visayas.

Committee(s): Anti-Money Laundering & FATCA, Asset & Liability, Credit, Employee Discipline, IT Steering, Management, and Product

Arlon B. Reyes (Filipino, 45 years old)

Mr. Reyes is Head of Commercial Banking Group. He has 25 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 being a 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 Philippines 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 Master of Business Administration from the same university in April 2001.

Committee(s): Asset & Liability and Management

Reynaldo T. Boringot (Filipino, 61 years old)

Mr. Reynaldo T. Boringot joined Philippine Business Bank in July 2016. He was appointed as the Head of Luzon and NCR Area of Business Development Group with the rank of Senior Vice President. One of his major responsibilities is to bring in new clients for the bank through a variety of sales techniques. Also, he provides additional products/services to already existing clients.

He has 37 solid years of experience as a banker. He began his career as a rank and file in Pacific Bank from 1980 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 the whole of Luzon 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

Joseph Edwin S. Cabalde (Filipino, 49 years old)

Mr. Joseph Edwin S. Cabalde is the Treasurer and holds the position of Senior Vice-President and Head of the Treasury Services Group. His work experiences include: Accounting Assistant and Assistant Secretary Head of China Banking Corporation from 1991 to 1993; Treasury Officer of Urban Bank Inc. from 1993 to 1995; Manager and Chief Dealer of Bangkok Bank Manila, and of Bank of Tokyo Mitsubishi from 1995 to 2004; Treasury Head of Oilink International from 2004 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.

Committee(s): Asset & Liability, IT Steering, and Management

Consuelo V. Dantes (Filipino, 56 years old)

Ms. Consuelo V. Dantes was appointed as the Human Resources Group Head with the rank of Senior Vice-President effective March 2017. She brings with her 33 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 (EWB) as Human Resources Group Head from May 16, 2013 to July 31, 2016. Apart from being the Head of HRG, she was also the Chief of Staff from May 16, 2012 to May 15, 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 PlantersBank (now China Bank Savings) for 22 years from June 18, 1990 to March 31, 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. Also, during her stint with PlantersBank (now ChinaBank Savings) she was 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); Asiatruster 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, 63 years old)

Mr. Rosendo 'Rudy' Sia joined Philippine Business Bank in July 2016. He is the Senior Vice President/Group Head of the Business Development Group for Visayas and Mindanao. His task is to generate business from new clients as well as development and deepen further banking relationship with existing bank clients. 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

Roselle M. Baltazar (Filipino, 45 years old)

Ms. Roselle M. Baltazar is the First Vice-President and Assistant Comptroller at the same time, Head of Central Operations Group of PBB. In 1999, she joined PBB and held various managerial and executive positions including: VP-COG Head - January 2011- June 2012, On June, 2012, appointed as Assistant Controller; Assistant Vice President & COG Head - March 2005-December 2010; Senior Manager and Head of Central Operations Group from 2004 to 2005; Senior Manager and Head of Branch Operations Control Center (BOCC) from 2001 to 2004; Senior Manager and Head of General Services Center (GSC) from 2001 to 2003; Manager and Head of Systems and Methods Sector (SMS) from 2000 to 2001; and Assistant Manager and Senior Systems Analysts from 1999 to 2000. She started her banking career at Westmont Bank (now United Overseas Bank) as: Accountant from 1996 to 1999, Audit Examiner II from 1995 to 1996, Loan Assistant from August 1995 to October 1995, and CASA Bookkeeper from June 1995 to August 1995. She is a Certified Public Accountant and a Civil Service (Professional and Sub-Professional) eligible.

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

Felipe V. Friginal (Filipino, 64 years old)

Mr. Felipe V. Friginal was appointed as the Branch Operations and Control Group Head in 2018 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 2003 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, Asset & Liability, Bid, Credit, Employee Discipline, IT Steering, Management, and Product

Eduardo R. Que (Filipino, 57 years old)

Mr. Eduardo "Poy" 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, Bachelor of Science in Commerce, Major in Management of Financial Institutions and was a Dean's Lister. Mr. Que pursued his Masters Degree at Ateneo de Manila, Rockwell - Masters in Business Administration (MBA), full course Dean's Lister, batch top-notch and Gold Medal Awardee in academics.

Committee(s): Asset & Liability and Management

Belinda C. Rodriguez (Filipino, 57 years old)

Ms. Belinda C. Rodriguez joined Philippine Business Bank on January 2016 as Chief Risk Officer (CRO) and Head of Enterprise Risk Management Group. As CRO, she is responsible for the supervision of the implementation of the risk management framework as part of corporate governance whereby risk management policies and best practices are instituted.

Ms. Rodriguez is a seasoned bank executive with 33 years of experience in the financial services industry and a strong background in enterprise risk management honed from job exposure from her employment both on the regulator (BSP) as examiner and regulated private and government banks. Most recently, she served as First Vice President for Asia United Bank, where she held various positions for eighteen years that included the CRO, Chief Compliance Officer (CCO), and head of the branch banking operations support and treasury operations.

She was Executive Vice President for Operations and Controllershship of Town Savings Bank. She was head of Treasury Operations of foreign-owned Dao Heng Bank. After BSP, she joined the Management Training Program of Land Bank of the Philippines and then later became head of the Treasury Operations and Product Development. During her career, she has managed a number of activities involving operations and control functions. Other areas of expertise include audit, compliance, remittance, and resource optimization through improved controls, re-engineering and process realignment.

Ms. Rodriguez has participated in and continues to join various banking industry forums on risk management, regulatory compliance, AMLA, and credit risk. She was a resource speaker on the topic of Risk Management of the RBAP Institute for almost ten years. She is a graduate of state university, Polytechnic University of the Philippines with a degree in Commerce Major in Accounting and is a Certified Public Accountant (CPA). Ms. Rodriguez has completed her MBA degree from the Ateneo Graduate School of Business (AGSB).

Committee(s): IT Steering, Management, and Product

Liza Jane T. Yao (Filipino, 48 years old)

Ms. Liza Jane Yao is the Bank's General Services Head with a rank of First Vice President. She brings with her 15 years of banking experience.

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 & Liability, Bid, and Management

Jose Maria P. Valdes (Filipino, 62 years old)

Mr. Jose Maria P. Valdes was appointed Information Technology Group Head on July 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 2007. Prior to joining PBB, he was IT Director at Encash, Inc. from 2007 to 2017.

He attended the Anti Money Laundering Act Seminar in 2003 and 2017; and Corporate Governance Seminar in 2004.

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, 48 years old)

Mr. Rodel P. Geneblazo is the First Vice President and Consumer Banking Group Head of Philippine Business Bank. He was appointed to this position effective 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 the same year until December 2017. He moved back to PBB in the beginning of 2018 and became its Consumer Banking Group Head up to the present.

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): Management

Miami V. Torres (Filipino, 57 years old)

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

She has with her 35 years of banking experience which started in 1984 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 17-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 (CPA) from the University of Santo Tomas.

Committee(s): Credit, IT Steering, Management, and Remedial & Special Assets Management.

Rolando G. Alvendia (Filipino, 55 years old)

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

In his 32 years of banking experience, he was an Accounting Supervisor at United Coconut Planters Bank from 1986 to 1995 and 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 Assistant VP. 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, 46 years old)

Mr. Enrico Teodoro is the IT Deputy Head and OIC of Project Management Office.

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, 69 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 37 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 1997-2001, 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 & FATCA, Management, Product, and Remedial & Special Assets Management.

John David D. Sison (Filipino, 34 years old)

Mr. Dave Sison joined Philippine Business Bank in July 2014. He leads the Bank's Corporate Planning 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 since 2008. 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 Colombia Business School in New York City.

Committee(s): Asset & Liability and Management

Ma. Joyce G. Zarate (Filipino, 56 years old)

Ms. Joyce Zarate brings with her 29 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 Philippine Business Bank in February 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): IT Steering, Management, and Product

Reynaldo E. Ebanen (Filipino, 51 years old)

Mr. Reynaldo E. Ebanen was hired by the Bank as Deputy Chief Compliance Officer in April 2016 and assumed the position of Acting Chief Compliance Officer in January 2018 up to the present.

He started his banking career in Active Bank as an Accounting Assistant from 1991 to 1992 and was promoted to Branch Accountant in 1993 to 1995 and Account Officer in 1996 to 1997. His other banking experiences include: Branch Accountant (1998 to 2000), Branch Manager (2000-2001), Head of AML Unit (2001 to 2006) at United Overseas Bank; AML Officer at United Coconut Planters Bank (2006 to 2008); and Compliance and AML Officer at Bank of Makati Inc. (2008 to 2016).

Mr. Ebanen is a graduate of Bachelor of Science in Business Administration Major in Accounting from the University of the East and attended the Trust Operations and Investment Management Program at the Asian Institute of Management (AIM).

Committee(s): Anti-Money Laundering & FATCA, Employee Discipline and Management

Laurence R. Rapanut (Filipino, 57 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

Teresita S. Sion (Filipino, 66 years old)

Ms. Teresita S. Sion is the Assistant Vice President and Trust Officer of PBB. Her banking experiences include: Per Pro of the Trust Services Group at Philippine Commercial International Bank from 1976 to 1991; Officer-in-Charge of the Trust Banking Group of Metropolitan Bank and Trust Company from 1991 to 1995 and later became the Senior Manager of the Trust and Investment Department of All Asia Capital which she held until September of 1998; Vice President and Head of the Trust Banking Group of Export and Industry Bank, Inc from October 1998 to November 2006; Consultant on Financial Matters of MRC Allied, Inc from August 2008 to May 2009; and was also the Consultant for Trust Banking Sector of Asiatruster Development Bank from May 2009 to July 2009. She was later appointed as Vice President and Trust Officer of the same bank until February 2012. She joined PBB in February 2012 as Marketing and Business Development Officer and became the Assistant Vice President and Trust Officer on November of the same year.

Committee(s): Management and Trust

Emma K. Lee (Filipino, 60 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 (8) 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

Election of Members of the Board

There will be election of the members of the Board during the annual stockholders' meeting. The Stockholders of PBB may nominate individuals to be members of the Board of Directors.

All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors and shall contain the nominees age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The Directors and Independent Directors shall be elected from among the Bank's Stockholders. All nominees for Directors and Independent Directors must possess the minimum requirements/qualifications and none of the disqualifications prescribed by Article III of the By-Laws, Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and other regulatory agencies/offices of listed banks, which include Sec. 23 and 27 of The Corporation Code (BP Blg. 68). Sec. 15 of The General Banking Law (RA No. 8791), Sec. 38 of The Securities Regulation Code, Sec. 38 of the Revised Implementing Rules and Regulations (RIRR) of the Securities Regulation Code. Sec. X141 of the Manual of Regulations for Banks, and other relevant circulars or memoranda.

After the nomination, the Nomination Committee shall prepare a Final List of Candidates, which shall contain all the information about all the nominees for Independent Directors as required under existing rules and regulations. The list shall be made available to the Securities and Exchange Commission and to all the stockholders through

the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the Independent Directors shall be identified in such report including any relationship with the nominee.

The Nomination Committee consists of Paterno H. Dizon, Chairman, Benjamin R. Sta. Catalina, Jr., Member, Atty. Roberto C. Uyquiengco, Member, Roberto A. Atendido, Member, Honorio O. Reyes-Lao, Member, Danilo A. Alcoseba, Member and Jeffrey S. Yao, Adviser.

The nomination Committee created under PBB's Revised Manual on Corporate Governance endorsed the nominees for independent directors for re-election at the upcoming annual stockholders' meeting, in accordance with the qualification set forth in the Manual, as follows:

1. He is a holder of at least one (1) share of stock of PBB;
2. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
3. He shall be at least twenty-one (21) years old;
4. He shall have proven to possess integrity and probity;
5. He should possess all the qualification required under pertinent regulation of the Bangko Sentral ng Pilipinas; and
6. He is not hostile to or antagonistic to, or engaged in any business, which competes with or is antagonistic to that of the Bank or any of its affiliates and subsidiaries.

Independent Directors

The Nomination committee has determined that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Revised Manual on Corporate Governance.

Recommended Directors For 2019-2020

The Nomination Committee of the Board of Directors of PBB has determined that the following, all of whom are incumbent directors, possess all the qualifications and none of the disqualifications for directorship set out in PBB's Manual on Corporate Governance, duly adopted by the Board pursuant to SRC Rule 38.1. Below is the final list of candidates prepared by the Nomination Committee:

Francis T. Lee
Jeffrey S. Yao
Rolando R. Avante
Honorio O. Reyes-Lao
Roberto A. Atendido
Leticia M. Yao
Danilo A. Alcoseba

Paterno H. Dizon (Independent Director) - Nominated by Francis T. Lee. Not related to the nominee.

Benjamin R. Sta. Catalina, Jr. (Independent Director) - Nominated by Francis T. Lee. Not related to the nominee.

Narciso De Leon Eraña (Independent Director) - Nominated by Francis T. Lee. Not related to the nominee.

Roberto C. Uyquiengco (Independent Director) - Nominated by Danilo A. Alcoseba. Not related to the nominee.

A certification on the qualifications of the Independent Directors and that none of the above-named directors and officers work with the government is attached herewith as Annexes "A", "A-1", "A-2", "A-3" and "B".

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:

- i) 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;

ii) 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;

iii) 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;

iv) 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.

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.

Item 12. Related Party Transactions (Please refer to Notes #24 of the AFS)

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

	2017		2018	
	Transaction	Balance	Transaction	Balance
Entities Under Common Ownership				
Deposit Liabilities	914,160,412	7,386,127,107	(2,305,623,210)	5,080,503,897
Interest Expense	66,106,681	-	101,498,910	-
Loans	527,860,985	767,983,251	257,708,642	927,636,924
Interest Income	29,782,815	969,508	37,866,916	1,081,314
Retirement Fund				
Contribution	37,133,819	-	34,039,326	-
Plan Assets	163,694,753	202,904,139	6,858,486	209,762,625
Key Management Compensation				
	113,530,990	-	158,028,243	-

i. DOSRI Deposits

The total balance of DOSRI deposits are inclusive of the corresponding related accrued interest included in the financial statements as of December 31, 2017 and 2018.

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. In aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Bank, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of

December 31, 2017 and 2016, 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, 2017	December 31, 2018
Total outstanding DOSRI loans	₱ 767,983,251	₱ 927,636,924
Unsecured DOSRI loans	29,210,591	33,929,983
Past due DOSRI loans	-	-
% to total loan portfolio	1.1%	1.2%
% of unsecured DOSRI loans to total DOSRI loans	3.9%	3.7%
% of past due DOSRI loans to total DOSRI loans	0.0%	0.0%

The details of total outstanding DOSRI Loans for the year ended December 31, 2017 and 2018 are shown below:

	<u>2017</u>	<u>2018</u>
Commercial loans	P 732,434,589	P 888,066,230
Key management personnel	<u>35,548,662</u>	<u>39,570,694</u>
	<u>P 767,983,251</u>	<u>P 927,636,924</u>

The Bank leases the following properties from affiliated parties:

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

	2016	2017	2018
Short-term benefits	₱ 92,909,936	₱ 104,997,794	₱ 124,500,369
Post-employment benefits	9,024,121	8,533,196	33,527,874
Total	₱ 101,934,057	₱ 113,530,990	₱ 158,028,243

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

	2016	2017	2018
Salaries and wages	₱ 72,088,807	₱ 81,600,760	₱ 96,765,374
Bonuses	17,987,189	20,562,459	24,276,370
Social security costs	1,508,717	1,550,625	1,524,668
Other short-term benefits	1,325,223	1,283,950	1,933,957
Total	₱ 92,909,936	₱ 104,997,794	₱ 124,500,369

Family Relationships

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

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

Emma K. Lee and Chairman Francis T. Lee are first cousins.

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.

Item 6. Compensation of Directors and Executive Officers

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

In ₱ millions		Aggregate Compensation Paid as a Group		
NAME	POSITION	2016	2017	2018
CEO and the four (4) most highly compensated officers of the Bank namely:		23.81	27.93	38.66
Rolando R. Avante	President & CEO			
Peter N. Yap	Chief Marketing Officer			
Rosendo G. Sia	Business Development Executive			
Joseph Edwin S. Cabalde	Treasurer			
Consuelo V. Dantes	Human Resources Group Head			

Total Aggregate Compensation of Directors and Officers of the Bank as a group:	Salary	Other Compensation	Bonus	Total
2016	248.30	19.21	57.80	325.31
2017	291.87	21.23	68.76	381.86
2018	368.29	32.19	87.44	487.92

Compensation of Directors/Standard Arrangement

Each director of the Bank receives a per diem allowance of ₱20,000.00 determined by the Board of Directors for attendance in a Board meeting and a ₱5,000.00 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.

Other Arrangement

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.

Item 7. Independent Public Accountants

Punongbayan & Araullo (P&A), a member firm of Grant Thornton International Limited, has been the bank's independent accountant for the last nine (9) years and is again recommended for appointment at the scheduled stockholders meeting.

None of the Bank's external auditors have resigned during the most recent fiscal years (2017 and 2018) or any interim period. 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 2018 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

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.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

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

Members of Audit Committee

The following are the members of the Audit Committee:

- 1.) Benjamin R. Sta. Catalina, Jr. - Chairman/Independent Director
- 2.) Paterno H. Dizon - Independent Director
- 3.) Narciso DL. Eraña - Independent Director
- 4.) Atty. Roberto C. Uyquiengco - Independent Director
- 5.) Roberto A. Atendido - Director
- 6.) Danilo A. Alcosoba - Director

The Audit Committee provides oversight of the Bank's financial reporting and control and internal and external audit functions. It monitors and evaluates the adequacy and effectiveness of the internal control system of the Bank. It assists the Board in fulfilling its statutory and fiduciary responsibilities with respect to internal controls, accounting policies, and auditing and financial reporting practices.

The committee conducts its meeting every second (2nd) Wednesday of the month and reports its activities to the Board on regular basis.

OTHER MATTERS.

Actions with respect to reports

The following matters will be submitted for approval of the stockholders at the Annual Stockholders Meeting on May 31, 2019.

- 1.) Approval of the Minutes of the Annual Stockholders Meeting held on May 25, 2018
- 2.) President & CEO's report on management operations for 2018
- 3.) Ratification of Past Actions of the Board and of Management
- 4.) Ratification/Confirmation of the appointment of external auditor by the Board of Directors
- 5.) Election of Directors for 2019-2020
- 6.) Approval of the Amendment of Article 7 of the Articles of Incorporation

In the May 25, 2018 Annual Stockholder's Meeting the following matters were presented before the body:

- 1.) Approval of the Minutes of the Annual Stockholders Meeting held on May 26, 2017
- 2.) President & CEO's report on management operations for 2017
- 3.) Ratification of Past Actions of the Board and of Management
- 4.) Ratification/Confirmation of the appointment of external auditor by the Board of Directors
- 5.) Election of Directors for 2018-2019
- 6.) Approval of the Dividend Declaration
- 7.) Approval of the Amendment of: (i) Article 6 of the Articles of Incorporation and (ii) Article III, Section 1(a) of the By-Laws

The list of all acts, transactions and resolutions of the Board of Directors, management and all Committees done in the ordinary course of business will be too voluminous to be included in this report. Please refer to the attached Annex "C". Most relate to regular banking transactions and credit matters which the Board of Directors, either by law or by regulations issued by the BSP, is required to act upon.

Amendment of Charter, By-Laws or Other Documents

1. During the Special Board Meeting of the Bank held on 24 January 2019, the Board of Directors of the Bank confirmed the approval of the amendment of Article 7 of the Bank's Articles of Incorporation increasing the authorized capital stock of Philippine Business Bank, Inc. to twenty billion pesos (₱20,000,000,000) from ten billion pesos (₱10,000,000,000) subject to the approval of the shareholders, BSP, and SEC, broken down into:

	<u>Number of shares</u>		<u>Amount (in Php)</u>	
	<u>Current</u>	<u>Approved</u>	<u>Current</u>	<u>Approved</u>
Authorized preferred shares - ₱10 par value	130,000,000	130,000,000	1,300,000,000	1,300,000,000
Authorized common shares - ₱10 par value	870,000,000	1,870,000,000	8,700,000,000	18,700,000,000
Total authorized capital	1,000,000,000	2,000,000,000	10,000,000,000	20,000,000,000

Voting Procedures

Vote Requirement

- 1.) For election of Directors
Pursuant to Section 24 of the Corporation Code, the eleven (11) nominees receiving the highest number of votes shall be declared elected.

- 2.) For other matters submitted to a vote, a majority vote of the shareholders present either in person or by a duly notarized proxy instrument is necessary for the approval of such matter.

The method of counting the votes of the shareholders shall be in accordance with Sections 23 and 27 of the Corporation Code of the Philippines, Section 15 of the General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code and Section X141 of the Manual of Regulations for Banks, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. Counting will be done by tabulation of the votes by the Corporate Secretary, who acts as the election inspector, with the assistance of her staff and the stock and transfer agent.

The Bank undertakes to provide without charge, upon written request of such person, a copy of the Bank's annual report on SEC Form 17-A. Requests may be sent to Rolando G. Alvendia, 3/F PBB Corporate Center, 30 Rizal Avenue corner 8th Avenue, Gracepark, Caloocan City.

The Bank likewise undertakes to provide without charge, during the Annual Stockholder's Meeting, a copy of SEC Form 17Q containing PBB's Interim Financial Statements, Management Discussion and Analysis of Financial Condition and Results of Operation.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Caloocan City on day of
~~24 APR 2019~~

By: 
.....
(Signature)
ATTY. ROBERTO S. SANTOS
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **PATERNO H. DIZON**, Filipino, of legal age and a resident of **66 Boston St., Cubao, Quezon City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Business Bank, Inc. (A Savings Bank)** and have been its independent director since **April 2006**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
VC Securities Corporation	Independent Director	2016 – present
Holy Cross College	President and CEO	2012 – present
Phil. Exporters' Confederation, Inc.	Chairman	1990 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Philippine Business Bank, Inc. (A Savings Bank)**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

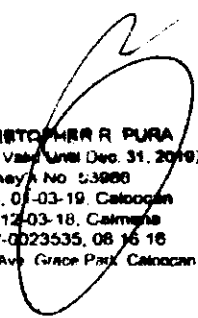
7. I shall inform the Corporate Secretary of Philippine Business Bank, Inc. (A Savings Bank) of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this _____ day of 22 APR 2019, at CALOOCAN CITY.


PATERNO H. DIZON
Affiant

SUBSCRIBED AND SWORN to before me this 22 APR 2019 day of CALOOCAN CITY
affiant personally appeared before me and exhibited to me his TIN 118-192-518.

Doc. No. 248
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ATTY. NIRC CHRISTOPHER R. PURA
Notary Public (NC-348 Valid Until Dec. 31, 2019)
Roll of Attorney No. 23888
PTR No 10302054, 01-03-19, Caloodan
IBP No. 055949, 12-03-18, Caloodan
MCLE Cert. No. V-0023535, 08 16 18
150 Rizal Ave. Cor. 4th Ave. Grace Park, Caloodan

ANNEX "A-1"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BENJAMIN R. STA. CATALINA, JR.**, Filipino, of legal age and a resident of **12 B. Amorsolo East, #23 Amorsolo Drive, Rockwell Center, Makati City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Business Bank, Inc. (A Savings Bank)** and have been its independent director since **July 16, 2012**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Philippine Business Bank, Inc. (A Savings Bank)**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

1-A

10/10/10

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Philippine Business Bank, Inc. (A Savings Bank) of any changes in the abovementioned information within five (5) days from its occurrence.

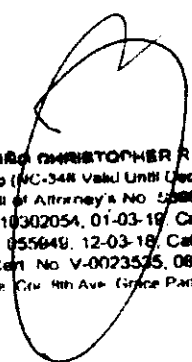
Done, this _____ day of 22 APR 2019, at CALOOCAN CITY.


BENJAMIN R. STA. CATALINA, JR.
Affiant

22 APR 2019 **CALOOCAN CITY**

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____, affiant personally appeared before me and exhibited to me his TIN 106-906-404.

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ATTY. NILDA CHRISTOPHER R. PURA
Notary Public (MC-348 Valid Until Dec 31, 2019)
Roll of Attorney's No. 52888
PTR No 10302054, 01-03-19, Caloocan
IBP No. 055649, 12-03-18, Calamba
MCLE Cert. No. V-0023575, 08 16 18
40 Rizal Ave. Crk. 9th Ave. Grace Park, Caloocan

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Narciso De Leon Eraña, Filipino, of legal age and a resident of 217 M. Paterno, San Juan, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Philippine Business Bank, Inc. (A Savings Bank) and have been its independent director since April 30, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Beraña, Inc.	Director / Treasurer	1988 - present
Francis Court Townhouses Corp.	Director	1993 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Business Bank, Inc. (A Savings Bank), as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

S-A *[faint handwritten text]*

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Philippine Business Bank, Inc. (A Savings Bank) of any changes in the abovementioned information within five (5) days from its occurrence.

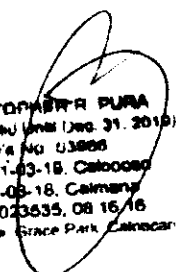
Done, this _____ day of 22 APR 2019, at CALOCAN CITY.



Narciso De Leon Eraña
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 22 APR 2019 at CALOCAN CITY
affiant personally appeared before me and exhibited to me his TIN 108-099-974.

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ATTY NINO CHRISTOPHER PURA
Notary Public (NC-344 Valid Until Dec. 31, 2018)
Roll of Attorney's No. 03888
PTN No 10302054, 01-03-18, Calocan
IDP No 056949, 12-08-18, Calocan
MCLE Cert No V-0023835, 08 16 18
350 Rizal Ave. Cor. 8th Ave. Grace Park, Calocan

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERTO C. UYQUIENGCO**, Filipino, of legal age and a resident of No. 103 Queensland Street, Vista Real Classica, Batasan Hills, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Business Bank, Inc. (A Savings Bank)** and have been its independent director since **April 30, 2018**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
EMMANUEL MULTI-PURPOSE COOPERATIVE, CUENCA, BATANGAS	Member, Board of Directors	March 2011-present
GREENLEAF FOREIGN EXCHANGE CORP., MAKATI	Chairman & CEO	2012-present
NATIONAL UNIVERSITY, MANILA	FACULTY FOR BUS. LAW & ACCTG.	June 2012 (presently on leave)
MANULIFE	FINANCIAL ADVISER	July 2017-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Philippine Business Bank, Inc. (A Savings Bank)**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

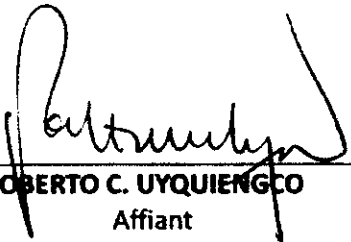
OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

E-A

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Philippine Business Bank, Inc. (A Savings Bank) of any changes in the abovementioned information within five (5) days from its occurrence.

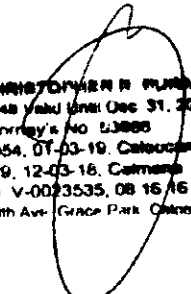
Done, this _____ day of 22 APR 2019, at CALOGUAN CITY


ROBERTO C. UYQUIENGCO
Affiant

22 APR 2019 CALOGUAN CITY

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____
affiant personally appeared before me and exhibited to me his TIN 125-402-064.

Doc. No. 251
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ATTY NIRO CHRISTIAN R PURA
Notary Public (NC-348 Valid Until Dec 31, 2019)
Roll of Attorney's No. 23888
PTR No 10302054, 07-03-19, Caloguan
IBP No 055649, 12-03-16, Caloguan
MCLE Cert No V-0023535, 08 16 16
350 Rizal Ave. Cr. 8th Ave. Grace Park Caloguan

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

CERTIFICATION

This is to certify that at present, none of the incumbent directors and officers of Philippine Business Bank, Inc. ("PBB"), with principal office address at *No. 350 Rizal Avenue Extension corner 8th Avenue, Gracepark, Caloocan City*, works with the Philippine Government or any of its agency/ies.

This certification is being issued for whatever legal purposes it may serve.

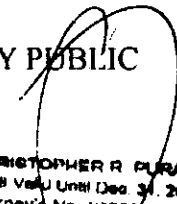
Done this 22nd day of April 2019 at Caloocan City, Philippines.


ATTY. ROBERTO S. SANTOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of 22 APR 2019, affiant personally appeared before me and exhibiting to me his TIN : 123-467-623, bearing his photograph and genuine signature as competent evidence of their identity in accordance with the 2004 Rules on Notarial Practice, and acknowledge to me that he is the same person who executed the foregoing affidavit.

Doc. No. 240
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NOTARY PUBLIC


ATTY. MICO CHRISTOPHER R. PURA
Notary Public (NC-348 Valid Until Dec. 31, 2018)
Roll of Attorney's No. 53988
PTR No. 10302054, 01-03-19, Caloocan
IBP No. 055949, 12-03-18, Caloocan
MCLF Cert. No. V-0023535, 08 16 16
350 Rizal Ave. Cor. 8th Ave. Grace Park, Caloocan

ANNEX "C"

SUMMARY OF BOARD AGENDA FOR THE YEAR 2018

(January 17, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center/ Corporate Planning**
 - Financial Report as of December 31, 2017
3. **Corporate Planning and Investor Relations Group**
 - Capital Raise Initiative
4. For Board Notation, Confirmation, and Approval:
 - **Human Resources Group**
 - Approval of HR System
 - **Treasury Services group**
 - Guidelines/ Procedures of Auto FX Service Payments and Receipts for Third Currency
 - **Branch Banking Group**
 - Confirmation Various Domestic Bills Purchase of MOB
5. Various Loan Accounts for Board Approval
6. Minutes of Various Committees and Other Matters
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting dated December 13, 2017
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2017-12 dated December 13, 2017
 - **Risk Oversight Committee**
 - Proposed 2018 Risk Limits
 - Minutes of the December 13, 2017 Risk Oversight Committee Meeting

(February 21, 2018)

1. Audit by Punong Bayan & Araullo: Closing Meeting with Audit Committee and Approval of the Board
2. Approval of Minutes of the Previous Board Meeting
3. **General Accounting Center**
 - Financial Report as of January 31, 2018
4. For Board Notation, Confirmation, and Approval:
 - **Human Resources Group**
 - Confirmation of Ms. Katherine Y. Pura as Assistant Vice-President
 - Transfer of some Head Office Units to Z-Square Mall
 - Inclusion of Purpose of Financial Assistance in Fringe Benefits
 - Approval of HR System
 - **Central Operations Group**
 - Central Clearing Center Manual
5. Various Loan Accounts for Board Approval
6. Minutes of Various Committees and Other Matters
 - **Corporate Governance / Nomination Committee**
 - Minutes of the Corporate Governance / Nomination Committee Meeting No. 2017-06 dated December 13, 2017
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2018-1 dated January 10, 2018
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-01 dated January 10, 2018
 - **ATM Center**
 - Minutes of the ATM Center Meeting dated December 29, 2017
 - **Trust Committee**
 - Minutes of the Trust Committee Meeting dated October 18, 2017
 - **Risk Oversight Committee**
 - Minutes of the Risk Oversight Committee Meeting dated January 10, 2018
 - Bank Compliance to Swift CSP Recommended Security Controls
 - Proposed Policy on Downgrading to Watch and Classified Accounts
 - Policy on Back Testing of Value at Risk Methodology
 - Proposed Policy on Conduct Stress Testing Exercise

(March 21, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center**
 - Financial Report as of February 28, 2018
3. **Corporate Planning and Investor Relations**
 - Dividend discussion
4. For Board Notation, Confirmation, and Approval:
 - **Compliance Office**
 - Proposed AML Questionnaires for Money Service Business (MSB) Customers and Respondent Banks
 - **Trust Committee**
 - Revision of Trust Charter
5. Various Loan Accounts for Board Approval
6. Minutes of Various Committees and Other Matters
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2018-2 dated February 14, 2018
 - **Related Party Transaction Committee**
 - Anti-Money Laundering/ Combating Terrorist Financing Meeting No. 2017-28 dated October 25, 2017
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-02 dated February 14, 2018
 - **IT Steering Committee**
 - Minutes of the IT Steering Committee Meeting dated November 8, 2017 & December 27, 2017
 - **Trust Committee**
 - Minutes of the Trust Committee Meeting dated January 17, 2018
 - **Risk Oversight Committee**
 - Minutes of the Risk Oversight Committee Meeting dated February 21, 2018

Proposed Policy on Real Estate Limit

(April 18, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center**
 - Financial Report as of March 31, 2018
 - BSP Report Validation Program User Manual
 - User Guidelines and Procedures for Enhanced SSS System Electric Collection (E-Collection).
3. For Board Notation, Confirmation, and Approval:
 - **Human Resources Group**
 - Proposed Changes in Car Plan Policies
 - Confirmation of Promotion of Senior officers:
 - Mr. Rowelito Cahilig
 - Mr. Joy T. Gallega
 - Atty. Leonardo C. Bool
 - Mr. Jose Jayson C. Dela Rosa
 - Atty. Alexius C. Narag
 - Angeline Ann H.Hwang
 - **Branch Banking Group**
 - Confirmation of Approval of Proposed Branch Location Site of Pasig Blvd –Kapitolyo Branch
 - Confirmation of Approval of Conversion of OBO-Taguig City and OBO- Cebu City to Branch-lite.
4. Various Loan Accounts for Board Approval
5. Minutes of Various Committees and Other Matters
 - **Anti-Money Laundering/ Combating Terrorist Financing Committee**
 - Proposed Amendments to the Revised Manual on Anti-Money Laundering and Combating Terrorist Financing (AML/CTF)
 - Anti-Money Laundering/ Combating Terrorist Financing Meeting No. 2018-29 dated February 28, 2018
 - **Corporate Governance / Nomination Committee**
 - Corporate Governance / Nomination Committee Meeting No. 2018-01 dated February 14, 2018
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-03 dated March 14, 2018

(May 16, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center**
 - Financial Report as of April 30, 2018
3. **Branch Banking Group**
 - Proposed Roxas City Branch – lite
4. **Product Development**
 - Cash Card Facility
5. Various Loan Accounts for Board Approval
6. Minutes of Various Committees and Other Matters
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2018-3 dated March 14, 2018
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-04 dated April 11, 2018
 - **Risk Oversight Committee**
 - Proposed Updated Information Security Manual
 - Approval of the Minutes of the Risk Oversight Committee Meeting dated April 11, 2018
 - Risk Oversight Report for May 2018

(June 20, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center**
 - Financial Report as of May 31, 2018
3. **Corporate Planning and Investor Relations Group**
 - Update on the PBB Preferred Shares
4. **Compliance Office**
 - BSP Report of Examination
5. **Branch Banking Group**
 - Proposal to Establish PBB Pearl Plaza Mall Branch Lite
 - Branch Expansion CAPEX Budget for the 6 Approved Non-Restricted Licenses
6. **Product Development**
 - Cash Card Facility
7. Various Loan Accounts for Board Approval
8. Minutes of Various Committees and Other Matters
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2018-4 dated May 9, 2018
 - **Trust Committee**
 - Minutes of the Trust Committee Meeting dated February 21, 2018
 - **Risk Oversight Committee**
 - Approval of the Minutes of the Risk Oversight Committee Meeting dated May 9, 2018
 - Risk Oversight Report for June 2018

(July 18, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center**
 - Financial Report as of June 30, 2018
 - Request for Write Off- Other Assets-Prepaid Expenses- Final Tax
3. **Branch Banking Group**
 - Proposed Relocate Site – PBB Iloilo Branch
 - Proposed Relocation Site for PBB Davao Bajada Branch-AEON tower
4. **Compliance Office**
 - Proposed AML/CTF Awareness Program
5. **Human Resources Group**
 - **Confirmation of Appointment of the following:**
 - Belinda C. Rodriguez – First Vice-President
 - Laurence Rapanut– Asst. Vice-President
 -
 - **Confirmation of Promotion of the following**
 - Miami V. Torres– from Vice-President to First Vice President
 - Karen Mae E. Rivera– from Senior Manager to Asst. Vice-President
 - Edna C. Madamba– from Senior Manager to Asst. Vice-President
 - Sandy W. Chua– from Senior Manager to Asst. Vice-President
 - Arnold Labonete – from Senior Manager to Asst. Vice-President
 - **Confirmation of Hiring/ Appointment of the following:**
 - Mr. Arlon B. Reyes – as Head of Relationship Management group with the rank of Executive Vice President
 - Ms. Ruth O. Pingol – as Chief compliance Officer with the rank of Vice-President
 - Mr. Victorino O. Vasco III – as head of Commercial Banking Center 5 with the rank of Asst. Vice-President
 - Mr. Albert J. Guangco as Head of Commercial Banking Center 6 with the rank of Asst. Vice-President
6. Loan Accounts for Board Approval
7. Minutes of Various Committees and Other Matters
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting #2018-05

➤ **Related Party Transaction Committee**

- Minutes of the Related Party Transaction Committee Meeting No. 2018-5 dated June 13, 2018

➤ **Anti-Money Laundering/ Countering the Financing Terrorism Meeting**

- Minutes of the Anti-Money Laundering/ Countering the Financing Terrorism Meeting No. 2018-30 dated April 4, 2018

(August 15, 2018)

- 1. Approval of Minutes of the Previous Board Meeting**
- 2. General Accounting Center**
 - Financial Report as of July 31, 2018
- 3. Main Office Branch**
 - Approval/ Confirmation of various Case-to-Case Domestic Bills Purchase of Main Office Branch
- 4. Human Resources Group**
 - Revised Succession Management Program
- 5. Information Technology Committee**
 - Information Technology Steering Committee Charter
 - PBB Information Technology Strategic Plan (2019-2021)
 - ITG Updates
- 6. Compliance Office**
 - Approval of Bank's reply to the Letter of Commitment as required by BSP
7. Various Loan Accounts for Board Approval
- 8. Minutes of Various Committees and Other Matters**
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-07 dated July 11, 2018
 - **Corporate Governance /Nomination Committee**
 - Minutes of the Special Meeting of Corporate Governance /Nomination Committee No. 2018-04 dated July 11, 2018.
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2018-06 dated July 11, 2018
 - **Trust Committee**
 - Minutes of the Trust Committee Meeting dated May 6, 2018

(September 19, 2018)

- 1. Approval of Minutes of the Previous Board Meeting**
- 2. General Accounting Center**
 - Financial Report as of August 31, 2018
- 3. Risk Management Group**
 - Proposed Enhancement of Market and Liquidity Risk Management Framework (MLRF)
 - Approval of the Minutes of the Previous Meeting\
 - Risk Oversight Exposure Reports for September 2018
- 4. Compliance Office**
 - PBB's Letter of Commitment to BSP
- 5. Audit Committee**
 - Enhancements to Risk Assessment Tool (RAT)/ Audit Procedures
 - Amendments on Bank's Audit Rating System
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-08 dated August 28, 2018
- 6. Various Loan Accounts for Board Approval**

(October 17, 2018)

1. Approval of Minutes of the Previous Board Meeting

2. General Accounting Center

- Financial Report as of September 30, 2018

3. Risk Management Group

- Adoption and Implementation of the Bank Proper Impairment Testing Framework and Internal Credit Risk Rating System (ICRRS) Model From Credit Risk Assessment on its Trust Business
- Proposed Enhancement of the Interest Rate Risk in the Booking Book (IRRBB) Framework
- Proposed Board Parameters for Internal Capital Adequacy Process (ICAAP) and Strategic Management Framework
- Approval of the Minutes of the Previous Meeting (September 12, 2018)
- Risk Oversight Exposure Reports for October 2018

4. Compliance Office

- PBB's Letter of Commitment to BSP

5. Human Resources Department

- Promotion of Senior Officers
 - Stephen Y. Co from Asst. Vice-President to Senior Asst. Vice-President
 - Corazon C. Gutierrez from Senior Manager to Asst. Vice-President
 - Debbie Tan from Senior Manager to Asst. Vice-President

6. IT Steering Committee

- Revised System Development Life Cycle (SDLC) Framework Manual

7. Audit Committee

- Enhancements to Risk Assessment Tool (RAT)/ Audit Procedures
- Regular Audit
- Minutes of the Audit Committee Meeting No. 2018-09 dated September 12, 2018

8. Corporate Governance Committee

- Minutes of the Corporate Governance/ Nomination Committee Special Meeting No. 2018-05
- Minutes of the Corporate Governance/ Nomination Committee Meeting No. 2018-07
- Minutes of the Corporate Governance/ Nomination Committee Meeting No. 2018-08

9. Various Loan Accounts for Board Approval

(November 21, 2018)

- 1. Approval of Minutes of the Previous Board Meeting**
- 2. General Accounting Center – VP Rolando Alvendia**
 - Financial Report as of October 31, 2018
 - Proposed Final Separation Benefits Computation Sheet and PBB Retirement Plan Benefit Computation Sheet
- 3. Corporate Planning & Investor Relations Group- VP John Dave Sison**
- 4. Compliance Office – AVP Reynaldo Ebanen**
 - PBB's Letter of Commitment to BSP
- 5. Trust Committee -**
 - The Adoption of Philippine Financial Reporting Standard (PFRS) 9 Business Model for Financial Instruments for Trust and Investment Center
 - Minutes of Trust Committee Meeting held on July 18, 2018
- 6. Risk Management Group – FVP Belinda Rodriguez**
 - Proposed Enhancement of Information Technology and Operations Risk Management Framework and Adoption of Implementation Strategy for Automated Processes (Core Banking System)
 - Proposed Guidelines for Privileged Access Accounts
 - Proposed Data Privacy Policies and Broad Implementation Guidelines
 - Proposed Broad Parameters for Internal Capital Adequacy Assessment Process (ICAAP) & Strategic Risk Management Framework (SRMF)
 - Proposed Implementation of Classification and Reporting Guidelines on Real Estate Activities Exposure
 - Proposed Appointment of Data Privacy Officer
 - Approval of the Minutes of the Previous Risk Oversight Committee Meeting
 - Risk Oversight Exposure Reports for November 2018
- 7. Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-10 dated October 10, 2018
- 8. Related Party Transactions Committee**
 - Minutes of the Related Party Transactions Committee Meeting No. 2018-09 dated October 10, 2018
- 9. Various Loan Accounts for Board Approval**

(December 19, 2018)

1. **Approval of Minutes of the Previous Board Meeting**
2. **General Accounting Center – VP Rolando Alvendia**
 - Financial Report as of November 30,2018
3. **Corporate Planning & Investor Relations Group - VP John David Sison**
4. **Human Resources Group – SVP Consuelo Dantes**
 - Appointment of Shirley Ann F. Dumayas as AVP & Business Manager of Madrigal Branch
 - Appointment of Lizel S. Bacalla as AVP & Head of Commercial Banking Center 6
 - Confirmation of Promotion of the following Senior Officers:
 - Ms. Siu Bee Belen Y. Ang from Asst. Vice-President to Senior Asst. Vice President
 - Ms. Jacqueline A. Korionoff - from Asst. Vice-President to Senior Asst. Vice President
 - Mr. Erwin J. Jordan – from Senior Manager to Asst. Vice President
5. **Compliance Office – AVP Reynaldo Ebanen**
 - PBB’s Letter of Commitment to BSP
6. **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2018-11
 - Risk Assessment Tool (RAT)/ Audit Procedures
7. **Corporate Governance / Nomination Committee**
 - Minutes of the Corporate Governance/ Nomination Committee Special Meeting No. 2018-06
8. **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2018-10
9. **Risk Management Group – FVP Belinda Rodriguez**
 - Minutes of the October Risk Committee Meeting
 - Minutes of November Risk Committee Meeting
 - Reports on Residual Risk
 - Update of Minimum Liquidity Ration (MLR) and Real Estate Stress Test (REST)
 - Risk Oversight Report for December 2018
10. Various Loan Accounts for Board Approval

(January 23, 2019)

1. **Approval of Minutes of the Previous Board Meeting**
2. **Office of the Corporate Secretary**
 - Approval of the SEC of the Amendment of PBB's Articles of Incorporation and Assumption to office of Atty. Roberto C. Uyquiengco as Independent Director
 - Revised Composition of some Board-Level Committees
3. **General Accounting Center – VP Rolando Alvendia**
 - Financial Report as of December 31, 2018
4. **Corporate Planning & Investor Relations Group - VP John David Sison**
 - Profit Plan 2019
 - Other Matters discussed:
 - By motion: authorize the President to represent the Bank on discussing with Maestro Insurance in reference to the initiative of having a strategic partnership
 - Increase in PBB's ACS from 10 Billion to 20 Billion
 -
5. **Risk Management Group – FVP Belinda Rodriguez**
 - Minutes of the December Risk Committee Meeting
 - Risk Oversight Report January (December Data)
 - Proposed Creation of Product and Process Committee (PAPC)
 - Proposed Policy on Real Estate Loans for Home Guaranty Corporation (HGC) Guaranty Eligibility
 - Policies and Guidelines on Write-Off of Bad Debts
 - Recommended Accounts for Write-Off
 - Supplemental Policy on Expected Credit Loss (ECL) for Loans and Investment Assets
 - Proposed Enhancement of Information Technology and Operations Risk Management Framework through an Updated Operations Risk Management Manual
 - Proposed participation in the set up of a shared Security Operations Center (SOC) in collaboration with other banks
 - Approval of Revised Risk Management Manual
 - Credit Risk Management Manual
 - Liquidity and Interest Rate Risk Management Manual
 - Market Risk Management Manual
 - ORCSA Manual
 - LCP Manual
 - Trust Risk Management Manual
6. **Compliance Office – AVP Reynaldo Ebanen**
 - PBB's Letter of Commitment to BSP
 - Revised Regulatory Reports Monitoring System (RRMS) Manual
7. **Related Party Transaction Committee**
 - Proposed Amendments to Related Party Transactions (RPT) Committee Charter and RPT Policies

- Minutes of the Related Party Transaction Committee Meeting No. 2018-11

8. Corporate Governance / Nomination Committee

- Proposed Amendments to the Manual on Corporate Governance and Compliance Program and the Corporate Governance/ Nomination Committee Charter

9. Anti-Money Laundering and FATCA Compliance Committee

- Proposed Amendments to the Anti-Money Laundering and FATCA Compliance Committee Charter
- Minutes of the Anti-Money Laundering/ Combating Terrorist Financing (AML/CTF) Meeting No. 2018

10. Audit Committee

- Risk Assessment Tool (RAT)/ Audit Procedures
- Regular Audit
- Minutes of the Audit Committee Meeting No. 2018-12

11. Remedial Account

- Sale of ROPA: Elberto O Ricohermoso doing business under: Roelka Trading
- Sale of ROPA: John Arjay Mercado
- Havana Transport Service Corporation
- Dimple Star Transport/ Hilbert S. Napat
- Sps. Filomena & Gabriel Baquiran doing business under: GFW Enterprises

*Instruction: For sale of ROPA, just include a covering memo summarizing the proposal moving forward. For restructuring, still present to the Board.

12. Various Loan Accounts for Board Approval

(February 20, 2019)

- 1. Approval of Minutes of the Previous Board Meeting**
- 2. General Accounting Center ~ VP Rolando Alvendia**
 - Financial Report as of January 31, 2019
- 3. Corporate Planning & Investor Relations Group ~ VP John David Sison**
 - Profit Plan for 2019
- 4. COMPLIANCE OFFICE ~ AVP Rey Ebanen**
 - February 2019 Update on PBB 's Letter of Commitment to the BSP
- 5. INFORMATION TECHNOLOGY GROUP ~ FVP Mayi Valdes**
 - Core Banking System Presentation
- 6. BOARD COMMITTEES:**
- 7. Risk Oversight Committee ~ FVP Belinda Rodriguez**
 - a. For Notation:
 - Risk Oversight Report February (January Data)
 - b. For Approval/Confirmation:
 - Proposed Data Privacy Policies Relative to Compliance Check
 - Updated Liquidity Contingency Plan (LCP) 2019
 - Proposed 2019 Market and Liquidity Risk Limits
 - Proposed Guidelines for Remote Access Management
 - RiskCom Meeting Minutes January 16, 2019
- 8. Audit Committee ~ Director Benjamin R. Sta. Catalina, Jr.**
 - a. For Notation:
 - Minutes of the Meeting (January 16, 2019)
 - Results of the Regular Audit
 - b. For Approval/Confirmation:
 - Proposed Amendment – Audit Questionnaire
 - Additional Auditable Units – Audit Plan 2019
- 9. Related Party Transactions Committee ~ Director Paterno H. Dizon**
 - a. For Notation:
 - Minutes of the RPT Committee Meeting (January 16, 2019)
- 10. VARIOUS LOAN ACCOUNTS FOR BOARD APPROVAL**

(March 20, 2019)

1. **Approval of Minutes of the Previous Board Meeting**
2. **General Accounting Center ~ VP Rolando Alvendia**
 - Financial Report as of February 28, 2019
3. **Corporate Planning & Investor Relations Group ~ VP John David Sison**
 - Capital Raise Proposal (Raise of Debt Capital)
4. **BOARD COMMITTEES:**
 - **Corporate Governance Committee ~ Director Paterno H. Dizon**
 - For Approval/Confirmation:
 - a. Resignation of Acting CCO Reynaldo E. Ebanen and Appointment of AVP Belinda de la Cruz
 - b. Endorsement of Appointment of:
 - Ms. Ma. Luisa V. Alarcon as Head of Region 4 under BBG
 - Ms. Johanna C. Tan as Head of Binondo Lending Center [Part 1][Part2]
 - **Audit Committee ~ Director Benjamin R. Sta. Catalina, Jr.**
 - For Notation:
 1. Minutes of the Meeting (February 13, 2019)
 2. Results of the Regular Audit
 - **Risk Oversight Committee ~ FVP Belinda Rodriguez**
 - For Notation:
 - a. Risk Oversight Report March (February Data)
 - For Approval/Confirmation:
 - a. Proposed CIV Limit Setting Model
 - b. Proposed Adoption of Model Risk Management Framework
 - c. Proposed Framework for Information Security Management
 - d. RiskCom Meeting Minutes February 13, 2019
 - e. RiskCom Meeting Minutes March 13, 2019
5. **BRANCH BANKING GROUP**
 - Proposed Relocation Site – PBB Bacolod Branch
 - Request for Extension of Grant of Authority to Establish Six (6) branches in Unrestricted Areas
 - Ten (10) ISB Merger License Incentive Expansion Plans
6. **COMPLIANCE OFFICE**
 - March 2019 Update on PBB 's Letter of Commitment to the BSP
7. **VARIOUS LOAN ACCOUNTS FOR BOARD APPROVAL**

(April 17, 2019)

1. Approval of Minutes of the Previous Board Meeting

2. General Accounting Center ~ VP Rolando Alvendia

- Financial Report as of March 31, 2019

3. CORPORATE PLANNING GROUP ~ VP Dave Sison

- Capital Raising Initiatives

4. HUMAN RESOURCES GROUP ~ SVP Chel Dantes

- For Approval/Confirmation:
 - a. Promotion of the following senior officers: (a) Iris P. Almerino; (b) Christina J. Aquino; (c) Atty. Noli A. de Pedro; and (d) Evelyn D. Olojan

5. BOARD COMMITTEES:

- **Audit Committee ~ Director Benjamin R. Sta. Catalina, Jr.**
 - For Notation:
 - 1. Results of the Regular Audit & Minutes of the March 13, 2019 Meeting
 - For Approval:
 - 1. Additional Auditable Unit – 2019 Audit Plan
- **Risk Oversight Committee ~ Director Narciso DL Eraña**
 - For Notation:
 - a. Risk Oversight Report April (March 2019 Data)
 - For Approval/Confirmation:
 - a. Proposed Guidelines on ICRRS Template
 - b. RiskCom Meeting Minutes April 13, 2019

6. COMPLIANCE OFFICE

- April 2019 Update on PBB 's Letter of Commitment to the BSP

7. VARIOUS LOAN ACCOUNTS FOR BOARD APPROVAL

MANAGEMENT REPORT

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 a recent data from the Department of Trade and Industry, SMEs account for 99.6 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 145 branches as of December 31, 2018 and 146 as of April 15, 2019 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 100 in 2013 to 145 as of December 31, 2018. As a result, PBB's deposit base grew from ₱37.9 billion in 2013 to ₱77.3 billion in 2018. Loan portfolio also increased from ₱31.6 billion in 2013 to ₱75.5 billion as of December 31, 2018, up 2.4 times.

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 focused on earnings generation from its treasury operations. PBB's treasury operations, aside from ensuring liquidity and managing liquidity risk, remains actively involved in the trading of domestic treasury debt, corporate bonds, foreign currency denominated bonds and other financial instruments and is expected to generate income especially during periods of weak loan demand or excess liquidity arising from branch deposit taking efforts.

In 2013, PBB's trading portfolio amounted to ₱8.8 billion, ₱7.9 billion in 2014, ₱9.1 billion in 2015, ₱7.1 billion in 2016, and ₱2.4 billion in 2017. As of December 31, 2018, the portfolio of the Bank was at ₱4.9 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.

Over the past three (3) years, PBB's NPL ratio was at 2.54% in 2016, 2.12% in 2017, and 1.75% in 2018.

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, and 2018 was at 75.9%, 87.3%, 96.0%, and 97.8%, respectively.

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

PBB's total CAR and Tier 1 CAR was at 17.0% and 16.2%, 14.0% and 13.1%, and 15.0% and 14.0% for the years ending December 2016, 2017, and 2018, respectively.

The Bank's capital for the years ended 2016, 2017, and 2018 was at ₱9.6 billion, ₱10.2 billion, and ₱11.4 billion, respectively.

6. Highly competent and experienced management team

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

<i>in millions, except per share data</i>	2017	2018	% growth
Profitability			
Net interest income	3,040	3,777	24.3
Non-interest income	387	358	(7.6)
Non-interest expenses	2,253	2,599	15.4
Pre-provision profit	1,174	1,536	30.9
Allowance for credit losses	261	295	13.1
Net income	640	858	34.0
Selected balance sheet data			
Liquid assets	14,029	16,549	18.0
Gross loans	70,938	74,441	4.9
Assets	87,264	94,729	8.6
Deposits	73,522	77,251	5.1
Equity	10,226	11,359	11.1
Per common share data			
Net income per share			
Basic	0.99	1.33	34.0
Diluted	0.99	1.33	34.0
Book value	14.92	16.68	11.8
Others			
Headcount	1,448	1,511	4.4
Officers	562	617	9.8
Staff	886	894	0.9
Selected ratios			
Return on average equity	6.47%	7.95%	
Return on average assets	0.81%	0.94%	
Net Tier 1 CAR	13.09%	14.99%	
Capital adequacy ratio	14.00%	14.01%	

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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

Commercial Banking Group services the SME and mid-market segments which are PBB's key clientele. These segments have traditionally not been the focus of banks in the country, which is heavily skewed towards large conglomerates. Further, PBB's familiarity with the SME market is also a source of the Bank's competitive advantage. Whereas other banks have only recently gone into the SME and commercial lending business, the Bank's core focus has always been on the SME.

Corporate Banking Group

Corporate Banking Group markets and lends wholesale bank products to medium to large corporate accounts. These clients are basically the clients above the SME/commercial banking market and most of which are the major conglomerates of listed companies in the Philippines.

Corbank continues to ensure that its portfolio remains excellently managed in terms of accurate and complete documentation, favorable financial returns, professional and quality customer service, healthy composition of sustainable enterprises and appropriate positioning as benchmarked with growing competition.

Consumer Banking Group

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. The group is currently processing loan applications for auto loans and housing loans, where most of the loan applications are referred by the branches as the Bank's main distribution centers.

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. As of today, the desks located in the Visayas region are fully operational and are housed

within PBB (Bacolod and Cebu) and ISB (Iloilo) branches.

The upcoming completion of the merger of PBB and ISB opens a door and opportunity for the Bank to carve a name and develop a brand in some niches of the market in the consumer lending business by capitalizing on some of ISB's proprietary consumer lending products, business process, systems, human resources, and infrastructure, among others.

Branch Banking Group

Branch Banking Group is engaged in the Bank's core business such as deposit and loan generation. They are 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

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.

Branch expansion

Last December 2018, PBB and ISB was able to secure merger approval from the BSP. The merger will result to the conversion of ISB's 10 branches into PBB branches, making the Bank's total network to 156 branches.

PBB looks for areas with a rich concentration of SME and commercial enterprises, examines deposit data, and maps key businesses in a target city as it evaluates an area for branch expansion. In 2018, the Bank was able to open three branches: (1) Solano, Nueva Vizcaya, (2) Ormoc, Leyte, and (3) Aseana City, Paranaque. In February 2019, the Bank opened its 146th branch in Catbalogan, Leyte, which was the last non-restricted license incentive from the acquired Bataan Savings and Loan Bank.

In 2018, the BSP has instructed all banks to convert their Other Banking Offices (OBOs) to Branch Lite Units. The Bank converted two namely: (1) Cebu City OBO and (2) Taguig City OBO but was declared as non-transactional branches. PBB was able to secure the approval of two transactional branch lite licenses in the following areas:

1. Pueblo De Panay Branch Lite – annexed to PBB Roxas City Branch
2. Pearl Plaza Branch Lite

This will bring PBB's branch lite units to four (2 transactional and 2 Marketing Offices).

Treasury Services Group

The 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 – 133 available currencies;
- 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 on the final stage of completing the product guidelines).

Trust and Investment Center

Trust and Investment Center (TIC) carries out the trust and other fiduciary business of PBB and serves as an additional revenue center for the Bank. It introduces new products beyond traditional bank services by promoting the concept of trust with the idea of professional trust and investment management as the key for personal, financial and social advancement of its clients.

It offers a wide variety of products and services, such as Escrow, Insurance Trust, Pre-need, Unit Investment Trust Fund, etc. TIC likewise endeavors to help its clients recognize the absolute value of its Employee Benefit Trust (retirement fund) product which is beneficial to both employers and employees.

TIC works to increase deposit base and liquidity position that will enhance the Bank's image in building confidence and respect while addressing the need for wider investment opportunities and satisfy the growing need of Bank clients for more trust products and complete personalized banking services.

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 special programs of the Development Bank of the Philippines, the Social Security System, and other agencies.

Consumer banking loans include auto financing, home financing, and 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 typical 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. The BSP approved the merger of PBB and ISB on December 2018, with PBB as the surviving bank. Through the transaction, which is still subject to SEC approval, PBB acquired the existing 10 branches of ISB. This will also help PBB establish a foothold in consumer loans and accelerate the Bank’s strategy of expanding client coverage.

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 to further enhance its marketing coverage and provide targeted services to its clients. The Bank’s trust products are handled by its Trust Department 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 financial resources, larger branch network or higher 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 rate 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.

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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 or to come in as stakeholders to existing local banks. Twelve (12) foreign banks have secured the central bank's approval to do business in the country since the law passed in 2014.

Philippine and Global economic environment

The Bank's business and 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. Monetary policies worldwide formulated in response to the financial crisis resulted in a decline in interest rates. Interest rates in the Philippines have recently declined which could 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 ATM Business Card Design. 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, 2018, the Bank has a total of 1,511 employees broken down into the following categories:

Executives	85
Managers – Operations and Support	134
Managers – Branch / Marketing	398
Staff	894
Total	1,511

For the ensuing twelve (12) months, the Bank anticipates to hire an additional 137 employees broken down as follows:

Senior Officers	7
Junior Officers	70
Staff	60
Total	137

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 risk taking. Its activities expose the Bank to various risks. The ability to manage risks effectively is vital for the Bank to sustain its growth and continue to create value for its shareholders. The Bank continually advances on its risk management techniques and integrate this into the overall strategic business objectives to support the growth objectives of the Bank.

Objective: To achieve a corporate risk culture, processes, and structures that are directed towards the effective management of potential opportunities and adverse effects to the Bank's business as well as optimization of capital in terms of 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 Framework is an integrated approach to the identification, measurement, control, and disclosure of risks. Capital allocation and preservation through prudent limits and stringent controls which are integral part of the governance structure. PBB's 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 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 integrated in all stakeholders of the organization and deploying three (3) stages of defense to ensure that the risk management objectives are achieved.

Risk Management Process

The Bank envisions to achieve risk and return consciousness among employees, anchored on streamline processes, reliable Management Information System, conversant, competent and accountable risk takers/constituents and good internal control, monitoring and escalation system as well as reward system to meritocracy. Enterprise Risk Management Group ("ERMG") is tasked to institutionalize an effective risk management framework that will encompass the foregoing risk management process.

1. Identify – key risk exposures
2. Assess – measure extent of exposure and impact to earnings, capital, and liquidity; prioritize risk exposures
3. Control – implement the risk appetite of the Board through risk policies
4. Monitor and report – monitor effectiveness of controls

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 and integrated into/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 raises to management the various aspects of risk facing PBB. In addition, it also performs an oversight and monitors the performance of the different Business Units.

The Bank’s philosophy is that responsibility for risk management resides at all levels in the organization. The Bank’s corporate governance aimed 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 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 with 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, due to insufficiency of historical data for group of accounts under a rating grade for consumer loans, 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 loan 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 statistical indicators 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 NPL ratio.

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 will adapt PFRS 9 (2014), Financial Instruments which will replace PAS 39, Financial Instruments: Recognition and Measurement, and the old versions of PFRS 9. 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

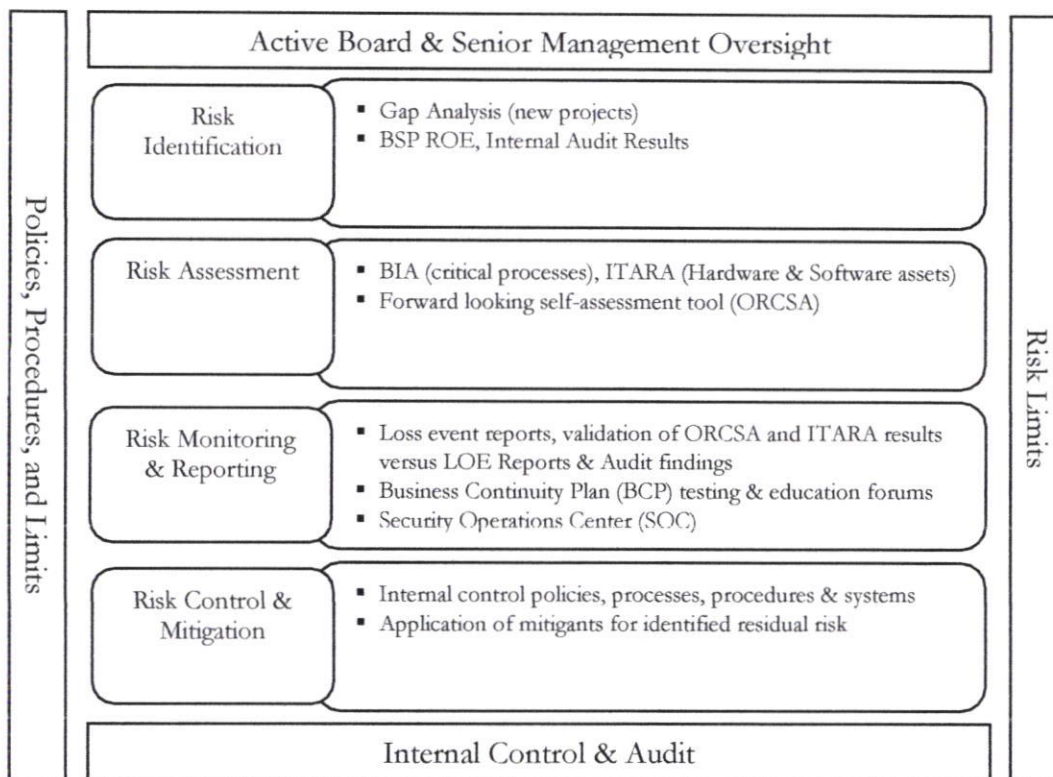
Operational Risk Management

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 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 end result is a Risk-Based Roadmap that enables a strategic and deliberate development and implementation of automated solutions for the operating units of the bank.

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 *Loss Event Reporting* was expanded to cover other critical groups with a visionary project to automate the reporting process in the succeeding year to enable the dedication of more time for analysis and resolution follow up.

For *Information Security Risk Management*, baseline information security policies were developed and implemented in the areas of User Access Management and monitoring.

As support to understanding deeper the necessity of Information Security Risk Management, the bank joined a collaborative project with five (5) other Financial Institutions to explore the setting up of *Shared Security Operations Center (SOC)* with the goal of establishing a much sought-after cyber security management system not to mention compliance to regulatory requirements.

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:

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
Caloocan Region					
1	Main Office Branch	Bank owned			
2	Grace Park	SMI Development Corporation	August 17, 2023	124,267.28	5% on 3 rd yr. & every yr thereafter
3	A. Mabini C-3	Marea Ventures Corp.	May 31, 2019	80,708.51	10% on the 3 rd ; 5% on 4 th & 5 th
4	Camarin	Luwell Realty & Development Corporation	May 31, 2020	58,526.63	5% annually
5	EDSA-Kalookan	Solmac Marketing Inc.	March 31, 2027	59,047.43	7% on 3 rd , 5 th , 7 th , & 9 th
6	EDSA-Monumento	New MBS Marketing Corporation	December 31, 2019	61,000.00	
7	Kaybiga	Guilmar Marble Corporation	October 20, 2020	51,516.08	5% annually
8	Samson Road	Oscar F. Tirona	September 30, 2019	61,257.00	5% annually
Manila Region					
1	Binondo Corporate Center	Philippine-Chinese Charitable Association, Inc.	September 30, 2024	124,009.27	10% every other 2 yrs
2	Carmen Planas	Zaldra Realty Development Corporation	December 31, 2019	75,245.63	5% on 3 rd year & every yr thereafter
3	Elcano	Nena Lumbao Hung	August 31, 2022	97,484.21	5% annually
4	Jose Abad Santos	Virgilio Ting Uy	December 15, 2023	75,000.00	5% on 3 rd year & every yr thereafter
5	Quintin Paredes	Downtown Realty Investment Corporation	July 24, 2020	214,838.37	7.5% every other year
6	Adriatico-Malate	Evangeline T. Lim	February 3, 2022	142,214.24	5% on 3 rd year & every year thereafter
7	Pasay	Mayson Realty Corporation	August 14, 2023	55,000.00	5% every 2 years
8	Pasay-Malibay	M. Ainsley Realty Corporation	December 31, 2023	79,000.00	5% on 3 rd year & every year thereafter
9	Paterno-Quiapo	Edilberto Pontillas	June 30, 2023	114,865.34	5% annually
10	Pedro Gil-Paco	David, Luther, Grace all surnamed TIU	July 27, 2022	102,102.53	5% annually

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
Northern Metro Manila Region					
1	Malinta	Cesar L. Flores & Marciana M. Flores	July 15, 2021	50,000.00	5% on 3 rd year & every year thereafter
2	Malabon	J2NS Property Development, Inc.	July 31, 2023	92,055.83	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, 2019	41,351.52	5% annually
5	Paso de Blas	Bank owned			
6	Valenzuela	PSL Prime Realty Corporation	July 31, 2023	110,986.44	5% annually
7	Baliuag	Danilo S. Santos	December 31, 2022	63,319.53	5% annually
8	Bocaue	Joel G. Castillo and Cynthia G. Castillo	December 31, 2023	46,305.00	5% on 3 rd yr. & every yr thereafter
9	Malolos	DJ Paradise Resort Inc.	December 31, 2019	37,866.23	5% annually
10	Meycauayan	I.S. Properties, Inc.	January 1, 2021	69,457.50	5% on 3 rd yr. & every yr thereafter
11	Muzon	Bank owned			
12	Sta. Maria	Angelika Halili Cruz	September 30, 2022	44,948.42	5% on 3 rd yr. & every yr thereafter
13	Angeles	AJV Investment Holdings, Inc.	June 30, 2028	94,979.27	5% on 3 rd yr. & every yr thereafter
14	Cabanatuan	Angel S. Pascual	January 15, 2024	64,771.88	5% on 3 rd year & every yr thereafter
15	Gapan	Veronica, Albino, Digna, Gregorio, Elizabeth(all surnamed Del Fonso)	November 1, 2023	49,101.16	beg. 2 nd yr 5% up 5 th 6.5%-6th- 10th 8%-11th- 15 th
16	Gen. Tinio	Bank owned			
17	Olongapo City	Sps. Wilson W. Chieng and Betty Chieng	July 31, 2022	84,000.00	5% annually
18	San Fernando	JTG Sears Realty Corporation	April 30, 2022	60,500.00	10% annually
19	Balanga	Melencio A. Unciano, Jr.	October 31, 2019	72,930.38	5% annually
20	SBMA-Subic	Subic Creative Center, Inc.	May 31, 2020	82,953.86	5% on 3 rd yr. & every yr thereafter
21	Limay	Bank owned			
22	Subic-Zambales	Bank owned			
23	Dinalupihan	Julieta Lintag Reyes (Attorney-In-Fact)	September 30, 2023	30,000.00	5% annually

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
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, 2019	125,537.23	10% annually
3	Ortigas	CW Marketing and Development Corporation	June 14, 2020	75,361.39	5% on 2 nd yr & every year thereafter
4	Pasig Blvd.-Kapitolyo	Dhondup Holdings Inc.	April 14, 2020	64,869.57	5% annually
5	Antipolo	Megathon Properties, Inc.	August 14, 2023	77,419.80	3% annually
6	Cainta	Molks Realty Development Corp.	September 14, 2023	75,361.39	5% on 3 rd year & every yr thereafter
7	Marikina	Heirs of Amelia M. Diguanco	September 30, 2021	89,250.00	5% on 3 rd year & every yr thereafter
8	Concepcion-Marikina	Mark William Pua Uy	August 14, 2023	66,150.00	5% every 2 years
9	Antipolo-Masinag	Rikland Property Leasing	December 20, 2021	65,611.09	5% annually
10	Taytay	Estelita M. Felix	October 31, 2019	76,993.64	5% on 3 rd year & every yr thereafter
11	Ortigas Ave. Ext.-Cainta	Decoro General Construction and Trading Corporation	January 16, 2020	55,125.00	5% on 3 rd year & every yr thereafter

Central Metro Manila Region					
1	Commonwealth-Fairview	Frederick C. Ibay	December 1, 2021	80,405.75	5% annually
2	Cubao	RSAG Building Management Services	August 15, 2020	69,457.50	5% annually
3	Novaliches	Luwell Realty & Development Corporation	September 30, 2019	96,034.62	5% annually
4	Timog-Rotonda	A.A. Tanco, Inc.	November 30, 2023	97,240.50	5% annually
5	Banawe	Solmac Marketing Inc.	April 30, 2020	143,789.40	7.5% on 3 rd yr. & every yr thereafter
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	121,000.00	10% on the 1 st ; 8% on 2 nd and 3 rd
8	Del Monte	Cheung's Development Corporation	December 31, 2019	68,281.07	5% annually
9	Retiro	Doña Ignacia Development Corporation	May 21, 2023	65,539.80	5% annually
10	Roosevelt	Henry Tan Villasi	November 14, 2019	34,546.03	yearly renewal
11	West Avenue	Fiorino Development Corporation	June 23, 2023	57,157.73	5% on 3 rd yr. & every yr thereafter

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
12	Kamias-Anonas	Citi Property Management and Realty Corporation	August 15, 2020	87,318.00	5% on 3 rd yr. & every yr thereafter

Southern Metro Manila Region					
1	Legaspi Village-Makati	Andrea L.Dulalia	January 14, 2018	92,623.59	5% annually
2	Makati	AMY Leasing Company	January 1, 2024	162,889.47	5% on 2 nd yr & every year thereafter
3	Salcedo Village-Makati	Lacelli International Corporation	July 31, 2022	138,567.71	5% on 3 rd year & every yr thereafter
4	Sucac-Parañaque	Jaka Investments Corporation	February 14, 2019	98,310.95	none
5	The Fort	Megaworld Corporation/Bonifacio West Dev't Corp.	April 30, 2018	318,450.00	10% p.a.
6	Dasmariñas-Cavite	Jica Land Developers Inc.	September 30, 2018	57,000.00	5% on 3 rd yr and every yr thereafter
7	Imus	Bank owned			
8	Las Piñas	Omni Investment Bldg	February 26, 2019	71,772.75	5% on 3 rd year & every yr thereafter
9	Madrigal Business Park	Solid Gold Realty Corporation	August 25, 2021	73,705.25	5% annually
10	Muntinlupa	Sps. Sturnino L. Baccay & Katherine C. Baccay	October 1, 2017	69,970.85	5% on 3 rd year & every yr thereafter
11	Molino-Bacoor	SolaGrande Realty Corporation	June 30, 2019	65,237.50	5% on 3 rd yr and every yr thereafter
12	Trece Martires-Cavite	Virginia P. De Guzman	July 15, 2020	38,587.50	5% on 3 rd yr and every yr thereafter
13	Carmona-Cavite	Jupan C. Lim	October 31, 2020	34,815.80	5% on 3 rd yr and every yr thereafter
14	Kawit	Bank owned			
15	Binakayan	Philippine National Railways	November 30, 2018	13,346.25	yearly renewal
16	Better Living-Parañaque	Lauan Commercial Corporation	December 31, 2020	66,150.00	5% on 3 rd yr and every yr thereafter
17	Bonifacio Global City	MC Home Depot (Fort Bonifacio), Inc.	January 31, 2020	110,795.82	5% annually
18	Aseana City-Paranaque	Ri-Rance Realty Corporation	May 14, 2023	132,768.28	5% on the 3 rd year

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
Northern Luzon Region					
1	Cauayan	Jolilyn A. Guy	March 31, 2023	80,000.00	5% annually
2	Laoag City	Laoag Allied Realty and Development	September 30, 2021	89,250.00	5% on 3 rd year & every yr thereafter
3	Tuguegarao	Lorita C. Corral	September 15, 2023	75,671.34	5% annually
4	Santiago	Sps. Manuel Salvador N. De Vera and Bonaeth M. De Vera	June 30, 2019	75,245.63	5% on 3 rd yr. & every yr thereafter
5	Vigan	Juvencio L. Pe Benito	June 30, 2019	60,500.00	10% on 3 rd yr. Only
6	Baguio	Atty. Ernesto Ll. De los Santos	August 26, 2019	77,325.74	5% on 2 nd year & every 2 yrs thereafter
7	Dagupan	Wilson Dy	April 14, 2022	92,523.36	1 st 3yrs at 50k 5% succeeding
8	La Union	Virginia Rondaris Mendoza	August 15, 2019	73,872.77	5% on 2 nd yr & every year thereafter
9	Tarlac	Edward Allan H. Que	July 31, 2022	60,000.00	5% on 3 rd yr. & every yr thereafter
10	Urdaneta	Gold and Chimes Realty Corporation	February 1, 2022	77,550.05	5% every 2 years
11	Tarlac-Paniqui	Green Field Miracle Realty Development Corporation	January 15, 2020	45,103.39	5% on 3 rd yr. & every yr thereafter
12	Benguet-La Trinidad	Sps. Fernando S. Tiong and Rosemarie G. Tiong	February 15, 2020	65,000.00	Additional P5,000.00 on the 3 rd year only
13	Pangasinan-Lingayen	Carmen E. Dyliaacco, Piedad E. Dyliaacco & Montserrat S. Escano	October 31, 2020	58,433.00	5% on 3 rd yr. & every yr thereafter
14	Candon-Ilocos Sur	Bienvenido Gabayan	October 31, 2020	63,157.89	fixed for 5 years
15	Solano	Antonio, Jacinto, William, and Ramon all surnamed Uy Lim	May 31, 2023	50,000.00	5% annually

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
Southern Luzon Region					
1	Batangas	Sps. Jose Q. and Helen S. Cifra	July 31, 2022	79,860.00	10% on 3 rd year & every year thereafter
2	Lipa City	Reynato D. Goce	August 15, 2022	85,113.46	5% annually
3	Tanauan	RNT Enterprises	August 15, 2023	83,349.00	5% annually
4	Calapan	Mila S. Tolentino, Amado S. Tolentino Jr. and Lita S. Tolentino	May 22, 2019	46,305.00	5% on 3 rd yr and every yr thereafter
5	Calamba	Nelson Lu & Josie T. Lu	December 31, 2020	84,426.04	5% annually
6	Lucena City	Amalia Garana-Italia	November 2, 2022	55,000.00	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	107,008.67	7.5% on the 2 nd yr & every yr thereafter
9	San Pedro	Lily Tsang Ngo	March 31, 2019	66,150.00	5% on 3 rd yr and every yr thereafter
10	Legazpi City	Natividad M. Sison	August 15, 2022	57,881.25	5% on 3 rd year & every yr thereafter
11	Naga	Peterson Resources and Holding Inc.	February 29, 2020	48,620.25	5% on 3 rd year & every yr thereafter
12	Sorsogon	Sorsogon Chang Kai Shek School	September 30, 2023	70,036.31	5% on 3 rd yr and every yr thereafter
13	Puerto Princesa Palawan	Sps. Allan and Dawn Carlos	June 30, 2023	81,000.00	5% annually
14	Iriga-Camarines Sur	Arnel H. Tan	March 31, 2020	60,637.50	5% on 3 rd yr and every yr thereafter
15	Biñan-Laguna	Abbie Lane M. Perez and Sunshine M. Perez	May 30, 2020	52,500.00	5% on 3 rd yr and every yr thereafter

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
	Visayas Region				
1	Bacolod	The Philippine American Life and General Ins. Co.	October 31, 2019	77,739.76	5% annually
2	Iloilo	Manuel V. Uy	January 15, 2020	37,622.81	5% on 3 rd year
3	Kalibo	Lawrence Ti Lu	September 5, 2023	79,860.00	7% annually
4	Downtown-Cebu	Lianting Development Corporation	May 14, 2019	77,165.07	7.5% on the 3 rd yr & every yr thereafter
5	Lapu-Lapu City	Antonio Amistad	February 15, 2020	83,106.87	5% annually
6	Mandaue	Lester & Lesley To Chip	March 31, 2019	73,872.77	5% annually
7	Tacloban	Tacloban Buddhist Temple, Inc.	May 30, 2023	70,000.00	5% on 3 rd yr and every yr thereafter
8	Tagbilaran	EB Gallares Properties Associates, Inc.	October 31, 2022	93,654.82	5% on 3 rd yr and every yr thereafter
9	Consolacion-Cebu	1028 Realty Corporation	November 30, 2019	67,622.67	5% on 3 rd yr and every yr thereafter
10	Cebu-Talisay	Dynasty Management and Development Corporation	January 31, 2020	55,126.94	7% on the 3 rd year & every yr thereafter
11	Cebu-Escario	Nicris Dev., Corp.	June 18, 2020	74,753.64	5% annually
12	Cebu-Banilad	SmartGlobal Holdings Inc.	June 30, 2020	83,255.29	5% on 3 rd yr and every yr thereafter
13	Roxas City	Susan A. Jugo	November 15, 2020	61,188.75	5% on 3 rd yr and every yr thereafter
14	Boracay	Sps. Larry & Annie Barbasa	February 28, 2021	98,000.00	fixed for 5 years
15	Ormoc	Raquel Codilla Abucay and Lydia Codilla Abastillas represent as the trustees of Narcisa Codilla Enterprises Inc.,	June 1, 2023	60,000.00	10% every other 2 yrs
16	Catbalogan	Ramon L. Rosales	July 30, 2023	52,000.00	fixed for 5 years

	BRANCH NAME	LESSOR	EXPIRY DATE	PRESENT BASIC RENTAL	ESCALATION CLAUSE
	Mindanao Region				
1	Bajada, Davao	Davao City Chamber of Commerce & Industry Inc.	November 30, 2019	51,213.33	yearly renewal
2	Davao-Sales	JM Agro Industrial Trading Corporation	June 2019	72,930.38	5% every 2 years
3	General Santos	Firenzo Property Dev't/GSC Suncity Suites	September 16, 2020	76,230.00	5% on 3 rd year and 5 th year
4	Davao-Lanang	Binansel Inc.	May 31, 2019	65,000.00	Additional P5,000 on the 3 rd yr and every year after
5	Davao-Toril	Far East Noble House, Inc.	July 31, 2019	42,832.13	5% on 3 rd yr and every yr thereafter
6	Tagum City-Davao	Albert L. Ng	December 15, 2019	60,000.00	straight
7	General Santos-Santiago Blvd.	Asaje Realty Corporation	December 15, 2019	67,971.75	5% on 3 rd yr, 10% on 4 th and 5 th year
8	Butuan	FG Ever, Inc.	December 25, 2019	73,113.15	yearly renewal
9	Cagayan de Oro	Leo Boyd Casiño and Bernard M. Casiño	May 31, 2019	46,728.97	5% annually
10	Cagayan de Oro-Cogon	Alice I.L. Andrada, Inc.	December 31, 2023	63,000.00	5% on 3 rd yr and every yr thereafter
11	Iligan City	Sps. Glen and Marissa Doromal	March 31, 2019	40,516.88	5% on 3 rd yr and every yr thereafter
12	Zamboanga	Wee Agro Industrial, Inc.	September 5, 2023	80,405.75	5% on 3 rd yr and every yr thereafter
13	Ozamis	The Insular Life Assurance Company, LTD	July 15, 2019	45,378.90	5% on 3 rd yr and every yr thereafter
14	Dipolog	Johnny A. Lim	September 30, 2019	80,000.00	Straight
15	Dumaguete	Maximo P. Tan, Jr.	December 15, 2019	72,930.38	5% annually
16	Davao-Panabo	Asaje Realty Corporation	January 15, 2020	72,825.03	5% on 3 rd yr and every yr thereafter
17	Surigao City	Engr. Leonel A. Santos	July 31, 2020	50,600.00	10% on 3 rd yr and every yr thereafter
18	Davao-C.M. Recto	JR Lacuesta Properties Development Corp.	August 31, 2020	65,405.81	5% on 3 rd yr and every yr thereafter

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 intends to lease in the next 12 months an additional 10 branches for its branch network expansion program in the following areas:

1. Clark Field, Mabalacat City, Pampanga
2. General Trias, Cavite
3. San Jose City, Nueva Ecija
4. Marilao, Bulacan
5. Aparri, Cagayan
6. Daet, Camarines Norte
7. Los Banos, Laguna
8. Coron, Palawan
9. Koronadal, South Cotabato
10. Cotabato City

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 a 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 ₱8.83 billion as of April 12, 2019. The high and low prices of the Registrant's shares as of April 12, 2019 were at ₱13.72 and ₱13.70 and closed at ₱13.72. The high and low sales prices for each quarter within the last two fiscal years are as follows:

	2017		2018		2019	
	Low	High	Low	High	Low	High
1Q	11.77	12.27	11.72	13.70	11.98	15.00
2Q	12.17	13.63	11.80	12.78		
3Q	12.87	14.50	11.10	12.18		
4Q	11.58	13.14	10.50	12.50		

Holdings

As of December 31, 2018, the following are the holders of record of the Bank's common shares as set forth in the table:

Name	Citizenship	Holdings	Rank
Alfredo M. Yao	Filipino	239,838,309	37.26%
PCD Nominee Corporation - Filipino	Filipino	218,694,113	33.97%
Zest-O Corporation	Filipino	162,052,923	25.17%
PCD Nominee Corporation - Non Filipino	Foreign	9,308,442	1.45%
Armando M. Yao	Filipino	1,620,537	0.25%
Erlinda M. Yao	Filipino	1,620,536	0.25%
Jeffrey S. Yao	Filipino	1,620,536	0.25%
Leticia M. Yao	Filipino	1,620,536	0.25%
Mary Grace S. Yao	Filipino	1,620,535	0.25%
Carolyn S. Yao	Filipino	1,620,535	0.25%
Roberto L. Obiedo	Filipino	506,250	0.08%
James G. Dy	Filipino	468,750	0.07%
Roberto Lee Obiedo	Filipino	375,000	0.06%
Peter Y. See	Filipino	375,000	0.06%
Siot Keng Go Dy	Filipino	375,000	0.06%
Johnny Chan	Filipino	187,500	0.03%
Jimmy Wai Piu Ng	Filipino	187,500	0.03%
Eusebio S. Go	Filipino	187,500	0.03%
Antonio D. Tan &/Or Caridad Tan	Filipino	187,500	0.03%
Reynato Keh Lim &/Or Susana Dy Lim	Filipino	187,500	0.03%
Others		1,095,592	0.17%
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 ₱10.00.

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.

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, 2018 and 2017:

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

Interest income on loans and other receivables expanded by P1,638.7 million, or 44.6%, from P3,672.4 million in 2017 to P5,311.1 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 P3,881.5 million to P5,509.6 million YoY.

Overall interest expense more than doubled this year from P841.8 million in 2017 to P1,732.3 million in 2018. The interest rate hikes in 2018 caused interest expense on deposits to grow by 95.9% ending 2018 at P1,619.9 million. The 91.2% volume growth of bills payable also factored in the overall interest expense, contributing a total of P112.4 million in 2018.

As a result, net interest income for the year 2018 ended at P3,777.3 million, up 24.3% against last year's P3,039.6 million figure.

	For the calendar period ended				%
	<u>12/31/2018</u>		<u>12/31/2017</u>	<u>Variance</u>	
Core income					
Net interest income	P 3,777,298,002	P	3,039,638,550	P 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	P 1,566,647,127	P	1,034,763,707	P 531,883,420	51.4

Other income ended at P388.1 million in 2018 from P248.0 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 P2,252.9 million in 2017 to P2,598.8 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 P531.9 million, from P1,034.8 million in 2017 to P1,566.6 million in 2018.

	For the calendar period ended			
	12/31/2018	12/31/2017	Variance	%
Core income	P 1,566,647,127	P 1,034,763,707	P 531,883,420	51.4
Trading gains (losses)	(30,493,963)	139,089,396	(169,583,359)	(121.9)
Pre-tax pre-provision profit	P 1,536,153,164	P 1,173,853,103	P 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	P 857,998,254	P 640,086,100	P 217,912,154	34.0

Trading loss was at P30.5 million for 2018. The Bank set aside additional P34.2 million from 2017's P260.5 million to P294.7 million loan loss provision to account for the growth of its loan portfolio.

Pre-tax pre-provision profit was 30.9% higher at P1,536.2 million. As a result, net income for the year 2018 ended at P858.0 million, 34.0% higher versus 2017's figure of P640.1 million.

For the calendar year ended December 31, 2017 and 2016:

	For the calendar period ended			
	12/31/2017	12/31/2016	Variance	%
Interest income	P 3,881,469,895	P 3,207,154,576	P 674,315,319	21.0
Interest expense	(841,831,345)	(734,732,780)	(107,098,565)	14.6
Net interest income	P 3,039,638,550	P 2,472,421,796	P 567,216,754	22.9

Interest income on loans and other receivables strengthened by 33.4% to P3.7 billion as of year-end 2017 as a result of the 37.2% increase in the Bank's loan volume and loan yields. Overall interest income ended at P3.9 billion, a 21.0% increase versus 2016's P3.2 billion.

Interest expense also increased by 14.6% from P734.7 million in 2016 to P841.8 million in 2017 due to the 12.6% expansion of interest expense on deposit liabilities as the need to raise funds arises to support the rapid growth of PBB's loan portfolio.

As a result, net interest income as of December 2017 stood at P3.0 billion, a 22.9% increase.

	For the calendar period ended			
	12/31/2017	12/31/2016	Variance	%
Core income				
Net interest income	P 3,039,638,550	P 2,472,421,796	P 567,216,754	22.9
Service charges, fees and commissions	200,841,789	151,446,102	49,395,687	32.6
Miscellaneous	47,147,687	84,734,375	(37,586,688)	(44.4)
	3,287,628,026	2,708,602,273	579,025,753	21.4
Non-interest expenses	(2,252,864,319)	(2,012,479,487)	(240,384,832)	11.9
Core income	P 1,034,763,707	P 696,122,786	P 338,640,921	48.6

Service charges, fees, and commissions grew by 32.6% due to the increased lending transactions while miscellaneous income incurred a 44.4% drop as foreign exchange gains, rental of safe / night deposit box, and penalties on loans were lower in 2017. Non-interest expenses also expanded from P2.0 billion in 2016 to P2.3 billion in 2017 owing to the P100.3 million increase in salaries and other employee benefit expenses in line with the Bank's continuous expansion.

As a result, PBB's core income reached ₱1.0 billion in 2017, a 48.6% increase from 2016's ₱696.1 million.

	For the calendar period ended				
	12/31/2017	12/31/2016	Variance	%	
Core income	₱ 1,034,763,707	₱ 696,122,786	₱ 338,640,921	48.6	
Trading gains (losses)	139,089,396	335,383,026	(196,293,630)	(58.5)	
Pre-tax pre-provision profit	₱ 1,173,853,103	₱ 1,031,505,812	₱ 142,347,291	13.8	
Loan loss provision	(260,519,609)	(157,043,157)	(103,476,452)	65.9	
Taxes	(273,247,394)	(205,838,450)	(67,408,944)	32.7	
Net income	₱ 640,086,100	₱ 668,624,205	(₱ 28,538,105)	(4.3)	

Due to the continued global market volatility, trading opportunities were limited in 2017. Trading gains as of year-end stood at ₱139.1 million trading gains, down by 58.5% from 2016's ₱335.4 million. Due in part to the Bank's transition from the previous loan loss regime to its own loan loss model predicated on BSP Circular 855, loan loss provisioning was higher by ₱103.5 million from ₱157.0 million in 2016 to ₱260.5 million in 2017.

The Bank also incurred one-time expenses in 2017 amounting to ₱60.0 million for the agri-agra penalties and the celebration of PBB's 20th anniversary. Profit before tax, excluding the non-recurring expenses, should be 11.3% higher from ₱874.5 million last year to ₱973.3 million this year.

For the calendar year ended December 31, 2016 and 2015:

	For the calendar period ended				
	12/31/2016	12/31/2015	Variance	%	
Interest income	₱ 3,207,154,576	₱ 3,140,643,449	₱ 66,511,127	2.1	
Interest expense	(734,732,780)	(758,318,335)	23,585,555	(3.1)	
Net interest income	₱ 2,472,421,796	₱ 2,382,325,114	₱ 90,096,682	3.8	

Interest income grew by 2.1% from ₱3.1 billion in 2015 to ₱3.2 billion in 2016 as interest income from loans and other receivables and interest due from BSP and other banks increased by 4.0% and 53.1%, respectively. On the other hand, interest expense declined by 3.1% from ₱758.3 million to ₱734.7 million YoY as bills payable and other interest expenses declined by 99.6% and 64.4%.

As a result, net interest income grew by 3.8% or ₱90.1 million from ₱2.4 billion in 2015 to ₱2.5 billion in 2016.

	For the calendar period ended			
	12/31/2016	12/31/2015	Variance	%
Core income				
Net interest income	₱ 2,472,421,796	₱ 2,382,325,114	₱ 90,096,682	3.8
Service charges, fees and commissions	151,446,102	132,425,882	19,020,220	14.4
Miscellaneous	84,734,375	73,430,963	11,303,412	15.4
	2,708,602,273	2,588,181,959	120,420,314	4.7
Non-interest expenses	(2,012,479,487)	(1,780,166,990)	(232,312,497)	13.1
Core income	₱ 696,122,786	₱ 808,014,969	(₱ 111,892,183)	(13.8)

Service charges, fees and commissions increased by 14.4% from ₱132.4 million to ₱151.4 million YoY due to 76.6% and 16.0% growth in service charges for domestic bills and appraisal fees, respectively. Miscellaneous income expanded by 15.4%, or ₱11.3 million, as commitment, processing and handling fees in relation to services rendered by the Bank grew by 23.1%.

There was a ₱232.3 million increase in operating expense from ₱1.8 billion in 2015 to ₱2.0 billion in 2016. Significant increases of non-interest expenses above 10% are as follows: salaries and other employee benefits by 16.9%, depreciation and amortization by 11.3%, management and other professional fees by 34.2%, and miscellaneous expenses by 11.1%.

	For the calendar period ended			
	12/31/2016	12/31/2015	Variance	%
Core income	₱ 696,122,786	₱ 808,014,969	(₱ 111,892,183)	(13.8)
Trading gains (losses)	335,383,026	69,474,667	265,908,359	382.7
Pre-tax pre-provision profit	₱ 1,031,505,812	₱ 877,489,636	₱ 154,016,176	17.6
Loan loss provision	(157,043,157)	(172,050,358)	15,007,201	(8.7)
Taxes	(205,838,450)	(203,297,274)	(2,541,176)	1.2
Net income	₱ 668,624,205	₱ 502,142,004	₱ 166,482,201	33.2

Trading gains accelerated by 382.7% from ₱69.5 million last year to ₱335.4 million this year bringing pre-tax pre-provision profit to ₱1.0 billion in 2016, a 17.6% increase from ₱877.5 million in 2015. The Bank continues to set aside a certain portion of its income for impairment losses to cover its non-performing loans. Loan loss provision decreased from ₱172.1 million in 2015 to ₱157.0 million in 2016 as the NPL ratio declined from 2.9% to 2.5% in 2016.

Consequently, the Bank's net income grew from ₱502.1 million to ₱668.6 million, a 33.2% increase YoY.

B. Financial position

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%.

December 31, 2017 vs December 31, 2016

PBB's total resources as of December 2017 expanded by 24.2% from ₱70.3 billion to ₱87.3 billion, a ₱17.0 billion increase, on account of increases in due from BSP, due from other banks, and loans and other receivables.

Cash and other cash items decreased by ₱96.4 million in 2017 as loan funding requirements increased. Due from BSP grew by 5.6% due to the 28.4% increase in mandatory reserves. Due from other banks stood at ₱4.0 billion from ₱1.6 billion in 2016 as a result of the increased levels of placements and balances with counterparty banks.

Trading securities decreased by 65.6% to ₱2.4 billion in 2017 as PBB felt it was prudent to limit trading activities this year as a result of the rising interest rate environment. The Bank also shifted its focus on earning assets from trading portfolio to loans as loan demand was very strong and trading opportunities were limited in 2017.

Due to the increase in lending activity, loans and other receivables expanded by 37.2%, ending 2017 at ₱70.6 billion against 2016 figure of ₱51.4 billion.

Bank premises, furniture, fixtures, and equipment and investment properties dropped by 9.2% and 5.6% as additions were lower and disposals amounted to ₱73.6 million in 2017. Other resources also dipped by 1.6% ending the year with ₱1.8 billion.

Both low cost and high cost deposits increased by 15.5% and 31.3%, respectively, to cover the expansion of the Bank's loan book. As a result, total deposit liabilities ended at ₱73.5 billion, a 24.8% increase versus 2016's ₱58.9 billion.

In 2017, the Bank obtained bills payable amounting to ₱1.9 billion to support its loan book growth, while accrued expenses and other liabilities declined by 11.5% from ₱1.8 billion as of December 31, 2016 to ₱1.6 billion as of December 31, 2017. Overall liabilities as of 2017 ended at ₱77.0 billion, 26.9% higher than last year's figure of ₱60.7 billion.

Shareholder's equity stood at ₱10.2 billion in 2017, up by 6.9%. Book value per share net of preferred shares was at ₱14.9 as of December 2017 versus December 2016's ₱13.9, both adjusted after the 20% stock dividend declaration this year.

December 31, 2016 vs December 31, 2015

As of December 31, 2016, the Bank's total resources stood at ₱70.3 billion from ₱65.6 billion last year, a 7.1% increase as loans and other receivables expanded by 23.2% from ₱41.7 billion to ₱51.4 billion YoY.

Cash and other cash items declined by 14.1% from ₱1.3 billion to ₱1.1 billion YoY as the Bank paid out its bills payable in 2016.

Mandatory reserves were up by 12.2% while other than mandatory reserves declined by 49.4% making the total for due from Bangko Sentral ng Pilipinas as of full year 2016 down to ₱6.2 billion. Due from other banks also decreased by 42.2% as deposits from local and foreign banks decreased by 51.3% and 18.7%, respectively.

Trading and other investment securities decreased by 22.3% as the Bank unloaded its HTM securities amounting to ₱5.9 billion as of end 2016.

As of year-end 2016, the Bank's premises, furniture, fixtures, and equipment was reduced to ₱536.0 million from ₱562.6 million, a 4.7% decrease. This is due to the increase in disposals of furniture and fixtures, transportation equipment, and leasehold improvement from ₱6.2 million to ₱33.7 million YoY.

Investment properties also dropped by 33.6% to ₱448.4 million subsequent to the ₱390.4 million land disposal in 2016.

Other resources increased by 5.4%, or ₱91.8 million higher than last year's ₱1.7 billion as goodwill expanded by 119.3% following BSP's approval of the acquisition of Rural Bank of Kawit as the Bank recognized assets and liabilities at their fair values amounting to ₱59.5 million.

Due to the Bank's aggressive branch expansion project, deposit liabilities grew by 7.1% or ₱3.9 billion from ₱55.0 billion to ₱58.9 billion YoY. Both low cost funds and time deposits increased by 11.8% and 4.0%, respectively.

Accrued expenses and other liabilities decreased by 14.7% from ₱2.1 billion in December 31, 2015 to ₱1.8 billion as of December 31, 2016. This is primarily due to the 37.1% decline in bills purchased and paid out 100% of post-employee benefit obligation amounting to ₱23.4 million and ₱1.9 million derivative liabilities.

Shareholder's equity strengthened by 13.0% to ₱9.6 billion versus last year's ₱8.5 billion. Book value per share as of December 31, 2016 was at ₱16.7 versus last year's ₱14.6.

C. Key Performance Indicators

CAR: Capital Adequacy Ratio was at 14.99%, higher than BSP's minimum requirement of 10.0%.

Asset Quality: The Bank's non-performing loans ratio improved to 1.75% this year.

Profitability: Return on Average Equity (ROAE) increased from 6.47% in 2017 to 7.95% as of December 2018.

Liquidity: The Bank's loans-to-deposits ratio (BSP formula) as of December 31, 2018 increased from 96.0% in 2017 to 97.77% due to growth of PBB's loan portfolio.

Asset efficiency: Return on Average Assets (ROAA) increased by 13 bps to 0.94% in December 2017.

Book value per share as of December 31, 2018 was at ₱16.68 from ₱14.92 in December 31, 2017.

The following table shows the key performance indicators for the past three (3) calendar years ending December 31, 2018 (in %):

Performance Indicator, in Php mn	2016	2017	2018
Return on average assets (%)	0.98	0.81	0.94
Net income	669	640	858
Average assets	67,924	78,765	90,997
Return on average equity (%)	7.41	6.47	7.95
Net income	669	640	858
Average equity	9,020	9,898	10,793
Capital adequacy ratio (%)	16.99	14.00	14.99
Total qualifying capital	9,711	10,487	11,903
Risk weighted assets	57,145	74,920	79,417
Loans-to-deposit ratio (%)	87.32	95.96	97.77
Loans and other receivables – net	51,437	70,553	75,530
Deposit liabilities	58,908	73,522	77,251
NPL ratio (%)	2.54	2.12	1.75
Non-performing loans	1,322	1,505	1,306
Gross loans	51,969	70,938	74,441
Book value per share	13.90	14.92	16.68
Equity – net of preferred shares	8,950	9,606	10,739
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 SEC17-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).

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

Vertical and Horizontal Analysis

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 was 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.

Financial Condition as of December 2017 vs December 2016:

Total resources as of December 2017 ended at ₱87.3 billion, a 24.2% increase versus last year's ₱70.3 billion. Significant changes (more than 5%) in assets were registered in the following accounts:

- Cash and other cash items declined by 8.8% due to the higher volume of transactions this year
- Due from BSP grew by 5.6% owing to the 28.4% increase in mandatory reserves
- Due from other banks strengthened by 145.7% as a result of the increased placements with other banks
- Trading and investment securities were 65.6% lower due to the limited trading opportunities in 2017
- Loans and other receivables expanded by 37.2% on account of the increase in lending activities
- Bank premises, furniture, fixtures, and equipment dropped by 9.2% as additions were lower in 2017
- Investment properties were down by 5.6% on account of the ₱73.6 million disposal during the year

PBB's total liabilities ended at ₱77.0 billion against 2016's ₱60.7 billion, up by 26.9%.

- Current deposits increased to ₱1.2 billion from ₱1.1 billion in 2016
- Savings deposit as of December 2017 reached ₱26.8 billion, a 15.8% increase
- Time deposits expanded by 31.3% in 2017
- Bills payable stood at ₱1.9 billion as of year-end 2017
- Accrued expenses and other liabilities declined by 11.5% as bills purchased dropped by 54.7% this year

Total equity ended at ₱10.2 billion in 2017, a 6.9% increase over the ₱9.6 billion figure in 2016. Book value per share net of preferred shares increased by 100 basis points from ₱13.90 in 2016 to ₱14.92 in 2017.

Financial Condition as of December 2016 vs December 2015:

As mentioned, the Bank's total resources increased to ₱70.3 billion as of year-end 2016, a 7.1% increase from ₱65.6 billion in 2015. Significant changes (more than 5%) in assets were registered in the following accounts.

- Loans and other receivables expanded by 23.2% from ₱41.7 billion in 2015 to ₱51.4 billion in 2016 due to the reorganization of the Bank's lending unit to streamline its account management process.
- Other resources grew by 5.4% from ₱1.7 billion to ₱1.8 billion YoY.

On the other hand, deposit liabilities grew to ₱58.9 billion compared to last year's ₱55.0 billion, a 7.1% increase.

- CASA increased by 11.8% from ₱21.7 billion in 2015 to ₱24.2 billion in 2016.
- Time deposits as of end December 31, 2016 stood at ₱34.7 billion, a 4.0% growth versus last year's ₱33.4 billion.
- The Bank paid out all of its bills payable amounting to ₱956.3 thousand as of December 31, 2016.
- Accrued expenses and other liabilities dropped by 14.7% YoY from ₱2.1 billion to ₱1.8 billion.

As of year-end 2016, the Bank's capital stood at ₱9.6 billion versus ₱8.5 billion in 2015. Book value per share was at ₱13.90 from ₱12.19 last year.

Results of Operations

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.

For the year ended December 31, 2017 vs. December 31, 2016

- Interest income as of 2017 stood at ₱3.9 billion owing to the 33.4% increase in interest income on loans and other receivables.
- Interest expense totaled ₱841.8 million in 2017 from ₱734.7 million in 2016. The 14.6% increase is primarily due to the increase in interest expense from deposit liabilities as the Bank's deposit portfolio grew by 24.8% and the ₱14.8 million interest expense in bills payable.
- Service charges, fees, and commissions expanded by 32.6% as a result of the increase in lending transactions. Miscellaneous income, on the other hand, declined by 44.4% owing to the ₱43.0 million drop in fees as transactions were lower this year versus 2016.
- Operating expenses in 2017 recorded an 11.9% growth primarily due to the increase in salaries and other employee benefits to complement the growing manpower requirements of PBB.
- Core income reached ₱1.0 billion as of December 2017, a ₱338.6 million increase YoY.

- Trading gains dropped to ₱139.1 million due to the limited trading opportunities during the year.
- Loan loss reserves expanded by 65.9% from ₱157.0 million last year to ₱260.5 million this year resulting in the 4.3% decline in its year-end net income.

For the year ended December 31, 2016 vs. December 31, 2015

- As of year-end 2016, the Bank's interest income grew by 2.1% from ₱3.1 billion to ₱3.2 billion YoY due to the 53.1% increase in interest income from BSP and other banks and the 4.0% growth of interest income from loans and other receivables.
- Overall interest expense declined by 3.1% from ₱758.3 million in 2015 to ₱734.7 million in 2016 largely due to the 99.6% decrease in interest expense on bills payable in 2016 from ₱3.3 billion to ₱12.8 thousand.
- Service charges, fees, and commissions grew by ₱19.0 million or 14.4% YoY and miscellaneous income by 15.4% from ₱73.4 million in 2015 to ₱84.7 million in 2016.
- Trading gains expanded by 382.7%, bringing the total for full year 2016 ₱335.4 million compared to last year's ₱69.5 million.
- Non-interest expenses increased by 13.1%, or ₱232.3 million, from ₱1.8 billion in 2015 to ₱2.0 billion in 2016 as a result of the Bank's initiative to expand its branch network.
- Pre-tax pre-provision profit expanded by 17.6% or ₱154.0 million from ₱877.5 million in 2015 to ₱1.0 billion in 2016 largely due to the ₱265.9 million increase in trading gains.
- As a result, net income as of December 31, 2016 strengthened by 33.2% from ₱502.1 million as of year-end 2015 to ₱668.6 million, a ₱166.5 million increase.

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		
	2016	2017	2018
Cash and cash equivalents, beginning of the year	11,777.92	9,362.20	12,476.25
Net cash provided by (used in) operating activities	(9,737.40)	(398.20)	248.07
Net cash provided by (used in) investing activities	7,258.77	1,657.72	(1,248.63)
Net cash provided by (used in) financing activities	(956.25)	1,854.52	1,762.78
Net increase (decrease) in cash and cash equivalents	(2,479.59)	3,114.05	762.22
Cash and cash equivalents, end of the year	9,362.20	12,476.25	13,238.47

Net Cash Flow Provided By (Used In) Operating Activities

Net cash flow provided by operating activities is composed of deposits generated and loans and receivables. As of December 31, 2018, net cash used in operating activities amounted to ₱248.1 million. During this time, the Bank expanded its loans and other receivables by ₱4.2 billion while deposits grew by ₱3.7 billion. Impairment losses for the year also expanded by 13.1% to ₱294.7 million. As of the years ended December 31, 2017 and 2016, cash flow from (used in) operating activities was (₱398.2 million) and ₱9,722.4 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 and amortized cost, bank premises, furniture and fixtures, software licenses, and proceeds from sale of ROPA and sale of bank premises, furniture and fixtures. As of December 31, 2018 net cash used in investing activities amounted to (₱1.2 billion). Net cash used in investing activities for 2016 and 2017 were ₱1.7 billion and ₱7.2 billion, 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 the Bank's bills payable. As of December 31, 2018, PBB recorded a use of cash flow from financing activities of ₱1.8 billion from ₱1.9 billion in 2017.

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	2016	2017	2018
Net Tier 1 capital	9,241	9,809	11,124
Tier 2 capital	470	678	779
Total qualifying capital	9,711	10,487	11,903
Risk weighted assets	57,154	74,920	79,417
Tier 1 capital ratio	16.17%	13.09%	14.99%
Total capital ratio	16.99%	14.00%	14.01%

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, 2017 and 2018 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, 2018:

In ₱ millions	2017	2018
Outstanding letters of credit	626,860,238	3,134,027,226
Trust and other fiduciary accounts	753,922,571	825,233,891
Investment management accounts	2,352,423,750	2,565,027,140
Late payment/deposits received	14,996,909	3,432,354
Items held for safekeeping	93,083	106,563
Items held as collateral	11,066	11,487
Outward bills for collection	4,358,349	2,631,626
Unit investment trust fund	31,562,003	29,090,261
Other contingent accounts	239,479,318	635,759,087

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 ₱7.2 billion in contingent liabilities of which, ₱3.4 billion or 47.5% 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 failing its commitment for funds as they fall due. The Bank manages its liquidity risk through the management's 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 statement of financial position distributed into tenor buckets across the term structure on the basis of the term to final maturity or cash flow dates. 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 regarding the flows from assets and liabilities including contingent commitments over time. 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 based on the recommendation of management, which model and assumptions are reviewed by the Asset and Liability Committee (ALCO) and the ROC prior to the confirmation by the BOD.

DOSRI Loans under Related Party Transactions

Total outstanding DOSRI loans as of December 31, 2017 and 2018 pertain to loan transactions with its officers and employees and related parties amounting to ₱768.0 million and ₱927.6 million.

Earnings per Share

The Bank's earnings per share (EPS) as of December 31, 2018, 2017, and 2016 were at ₱1.33, ₱0.99, and ₱0.92, respectively. This is computed by dividing the net income net of dividends of ₱858.0 million, ₱640.1 million, and ₱589.4 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 nine (9) years and is again recommended for appointment at the scheduled stockholders meeting.

None of the Bank's external auditors have resigned during the most recent fiscal years (2017 and 2018) or any interim period. 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 2018 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 P
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

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	Date of election
Amb. Alfredo M. Yao	74	Filipino	Chairman Emeritus	Jul 26, 2010
Francis T. Lee	70	Filipino	Chairman	Apr 30, 2010
Jeffrey S. Yao	51	Filipino	Vice Chairman	April 1, 2016
Rolando R. Avante	60	Filipino	President & Chief Executive Officer	Nov 2, 2011
Honorio O. Reyes- Lao	75	Filipino	Director	Apr 29, 2011
Danilo A. Alcosoba	67	Filipino	Director	May 27, 2016
Roberto A. Atendido	72	Filipino	Director	May 26, 2006
Leticia M. Yao	66	Filipino	Director	Apr 29, 2011
Paterno H. Dizon	81	Filipino	Independent Director	Apr 2006
Benjamin R. Sta. Catalina, Jr.	71	Filipino	Independent Director	Jul 16, 2012
Narciso D.L. Eraña	67	Filipino	Independent Director	May 25, 2018
Atty. Roberto C. Uyquiengco	71	Filipino	Independent Director	May 25, 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, 74 years old)

Mr. Alfredo M. Yao is the Chairman Emeritus of PBB. He is concurrently the Chairman of Zest-O Corporation, Semexco Marketing Corp., and Asiawide Refreshments Corp. He is the President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. and was a former director of Export and Industry Bank. 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.

Francis T. Lee (Filipino, 70 years old)

Mr. Francis T. Lee was appointed Chairman of the Board on July 26, 2010 and was last re-elected as Director on May 25, 2018. Before holding the Chairmanship position, Mr. Lee was first appointed as Chief Operating Officer (COO) last September 1, 2011. He was also President of the AMY Foundation - the social responsibility arm of the Yao Group of Companies, from December 8, 2003 up to December 8, 2013.

An experienced banker for more than 30 years. Mr. Lee started his banking career with Pacific Bank. He has held a number of executive positions from Senior Manager to Senior Vice President at the Metrobank Group from 1988 to 2000 before joining PBB.

Mr. Lee has participated in the following seminars: Philippine Institute of Banking in 1969; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Team Building Workshop in 2004 at PBB; Risk Awareness Seminar in 2009 at the Pacific Management Forum; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2012 and in 2014; and Corporate Governance Seminar for Board of Directors on December 10, 2015.

Mr. Lee studied Bachelor of Arts in Business Administration at Manuel L. Quezon University.

Committee(s): Executive

Jeffrey S. Yao (Filipino, 51 years old)

Mr. Jeffrey S. Yao was appointed to the Board in 1999. On April 01, 2016, he assumed the position of Vice-Chairman.

He is a Director at Asiawide Refreshments Corporation and has been the Chief Operating Officer (COO) of the Zest-O Corporation since 2005. 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; and Distinguished Corporate Governance Speaker Series on August 24, 2015.

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

Committee(s): Audit, Executive, IT Steering, Risk Oversight, and Trust

Rolando R. Avante (Filipino, 60 years old)

Mr. Rolando R. Avante was appointed President and Chief Executive Officer since November 2, 2011.

Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.

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 Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (PHILS.) Commercial Bank Corp. 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.

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 & FATCA, Asset & Liability, Bid, Credit, Executive, Management, IT Steering, Remedial & Special Assets Management, and Trust

Honorio O. Reyes- Lao (Filipino, 75 years old)

Mr. Honorio O. Reyes-Lao, was appointed to the Board on April 29, 2011 and last re-elected as Director on May 25, 2018.

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 Holding Corporation and a Member of the Society of Institute of Corporate Directors (ICD) Fellows since 2004.

His background and trainings include Overall Banking Operations at the Philippine Institute of Banking in 1971 to 1972; Director Certification Program at the Institute of Corporate Directors (ICD) in 2004; and the AMLA Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.

Mr. Lao holds a post-graduate degree, Masters in Business Management, from the Asian Institute of Management and he 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): Risk Oversight, and Trust

Danilo A. Alcosoba (Filipino, 67 years old)

Mr. Danilo A. Alcosoba was the former President & CEO of PBB and was appointed to the Board on May 25, 2018. His work experience include: Branch Head at Bancom Development Bank, Cebu Branch from 1977-1979, Assistant Vice-President of Traders Royal Bank from 1979-1983, First Vice-President/Treasury Division of Boston Bank of the Philippines from 1983-1998 and Consultant at SM Investments Corporation from 2005-2007.

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. Alcosoba obtained his college degree, Bachelor of Science in Commerce, Major in Accounting, at the University of San Carlos. He also has a post-graduate in Industrial Economics at the University of the Philippines in 1976.

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

Roberto A. Atendido (Filipino, 72 years old)

Mr. Roberto A. Atendido, was appointed to the Board on May 26, 2006 and last re-elected as Director on May 25, 2018.

He is a seasoned investment banker and a recognized expert in the field with over 30 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 1980-1982. He then moved to PCI Capital Asia, Ltd. (HK) as Vice President from 1982-1983. 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 1983-1988. 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 of AAHDC and Executive Vice Chairman of AAIC.

Currently, Mr. Atendido is a member of the Board of Directors of Paxys Inc., Philippine Business Bank, PICOP Resources, Inc., Pharmarex, Inc. Ardent Property Development Corp., First Ardent Property Corp., and GEM Communications & Holding Corp. He is also Vice Chairman and Director of Sinag Energy Philippines, Inc., (since 2008), Chairman and President of Myka Advisory and Consulting Services, Inc. (since 2010). He has also held directorships in the past in the Philippine Stock Exchange (2005-2009), Securities Clearing Corporation (2006-2010), Export & Import Bank as an Independent Director (2006-2012), Marcventures Holdings, Inc. (2010-2013), Carac-An Development Corp. as Chairman from 2010-2013, and Beneficial Life Insurance Corp. from 2008-2014. 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 2009-2011.

He has attended trainings in Corporate Governance & Risk Management for the Bank's Board of Directors at the Development Finance Institute in 2003; Risk Management and Basel 2 Seminar at the 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 on August 24, 2015, 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015 and 2015 Distinguished Corporate Governance Speaker Series 3 on November 06, 2015.

Mr. Atendido is a graduate of the Asian Institute of Management with a Master's 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 Transaction, and Risk Oversight

Leticia M. Yao (Filipino, 66 years old)

Leticia M. Yao was appointed to the Board on April 29, 2011 and last re-elected as Director on May 25, 2018.

A well-respected figure in the healthcare industry, Yao was appointed at the United Doctors Medical Center (UDMC) as a Consultant at the Department of Medicine from 1991 to 2012.

She participated in training sessions for Corporate Governance & Risk Management for Banks' Board of Directors at the Development Finance Institute in 2002 and further taken the Risk Awareness Seminar at the Pacific Management Forum in 2009. Earlier this year, she attended the AMLA Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series on August 24, 2015 and Corporate Governance Seminar for Board of Directors on December 10, 2015 to hone her skills as Director of PBB.

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 also from the University of Sto. Tomas.

Committee(s): Trust

Paterno H. Dizon (Filipino, 81 years old)

Mr. Paterno H. Dizon, was appointed Independent Director to the Board on April 27, 2012 and last re-elected as Independent Director on May 25, 2018.

He had previously served as President to the following institutions: Science Park of the Phil. 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; Export & Industry Bank from 1994 to 2006; and EIB Securities from 2004 to 2006. He served on the board of Phil. Export-Import Credit Agency from 2010 to 2012. He was elected as Chairman of the Phil. Exporters' Confederation Inc. since 1990 up to the present. He has been the President and CEO of Holy Cross College of Pampanga since 2012.

He has attended training sessions in Financial Management at SGV in 1974, Money and Banking from the Ateneo De Manila University in 1959, Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, Risk Awareness Seminar at the Pacific Management Forum in 2009, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.

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

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

Benjamin R. Sta. Catalina, Jr. (Filipino, 71 years old)

Mr. Benjamin R. Sta. Catalina, Jr., was appointed Independent Director to the Board on July 2012 and last re-elected as Independent Director on May 25, 2018. He first assumed his independent directorship at PBB in 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 then handled the World Corporation Group for Middle East Africa, Division Training Center as Regional Administrator. He was appointed to General Manager and handled 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 at the Boston Consulting Group. In 1987 he has attended the MAC Approach Course and Alcar Valuation Seminar at MEAD Training Center in Greece. He attended the Corporate Finance II in 1988 at 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, Marketing Financing Ideas to Issuers at Citibank Training Center.

Most recently, he attended the Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2003, and the Anti Money Laundering Act Seminar in 2014, Distinguished Corporate Governance Speaker Series on August 24, 2015 and 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015.

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 Transaction, and Risk Oversight

Narciso DL. Eraña (Filipino, 67 years old)

Mr. Narciso DL. Eraña was appointed Independent Director to the Board on May 25, 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. ICAP Philippines was appointed by the Bankers Association of the Philippines to manage the first Peso Interest Rate Swap Central Trade Reporting System in the country.

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 Transaction, and Risk Oversight

Roberto C. Uyquiengco (Filipino, 71 years old)

Mr. Roberto C. Uyquiengco was appointed to the Board as Independent Director on May 25, 2018.

He has been in the banking and finance industry for almost 34 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 1970 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 July 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 (CPA) 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 Transaction, and Risk Oversight

b. Executive Officers

The following are the Executive Officers of the Bank, and their respective age, citizenship and position as of March 13, 2019:

Rolando R. Avante (Filipino, 60 years old)

Mr. Rolando R. Avante was appointed President and Chief Executive Officer since November 2, 2011.

Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.

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 Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (PHILS.) Commercial Bank Corp. 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.

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 & FATCA, Asset & Liability, Bid, Credit, Executive, Management, IT Steering, Remedial & Special Assets Management, and Trust

Peter N. Yap (Filipino, 71 years old)

Mr. Peter N. Yap was appointed Chief Marketing Officer (CMO) on January 2018. He was the former Chief Operating Officer of PBB from April 2017 to December 2017 and Vice Chairman from August 2, 2010 to March 31, 2016 prior to his retirement.

In the span of his 40-year successful banking career, he held various positions from Manager in RCBC in 1977, Senior Manager to Executive Vice President and Head of Retail Banking Group of Allied Banking Corp. from 1978 to 2009.

He also held directorships in Allied Savings Bank from 2009 to 2010; Allied Leasing and Finance Corp. from 2009 to 2010; and Bancnet, Inc. from 2003 to 2009 where he was also elected as the Treasurer. Mr. Yap was also elected director in Insular Savers Bank, Inc. (A Rural Bank) from October 2015 to March 2016.

He has attended training sessions such as the Officer Development Program in 1977 at RCBC; Management Development Workshop in 1978, Negotiable Instrument Seminar in 1979, International Workshop in 1979, Bank Selling Skills Program in 1980, Break-Even Analysis Workshop in 1982 all conducted by Allied Bank; AHI Developing Executive Skills in 1981 at the ASEAN Banking Council; Management Development Program – Kaizen in 1982 at Ancella, Inc.; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; Corporate Governance Seminar for Board of Directors in November and in December, 2014; Distinguished Corporate Governance Speaker Series and the ASEAN Corporate Governance Conference and Awards in 2015 conducted by the Institute of Corporate Directors.

Mr. Yap graduated from the University of San Carlos with the degree of Bachelor of Science in Chemical Engineering and has taken MBA units from the University of the Philippines - Visayas.

Committee(s): Anti-Money Laundering & FATCA, Asset & Liability, Credit, Employee Discipline, IT Steering, Management, and Product

Arlon B. Reyes (Filipino, 45 years old)

Mr. Reyes is Head of Commercial Banking Group. He has 25 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 being a 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 Philippines 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 Master of Business Administration from the same university in April 2001.

Committee(s): Asset & Liability and Management

Reynaldo T. Boringot (Filipino, 61 years old)

Mr. Reynaldo T. Boringot joined Philippine Business Bank in July 2016. He was appointed as the Head of Luzon and NCR Area of Business Development Group with the rank of Senior Vice President. One of his major responsibilities is to bring in new clients for the bank through a variety of sales techniques. Also, he provides additional products/services to already existing clients.

He has 37 solid years of experience as a banker. He began his career as a rank and file in Pacific Bank from 1980 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 the whole of Luzon 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

Joseph Edwin S. Cabalde (Filipino, 49 years old)

Mr. Joseph Edwin S. Cabalde is the Treasurer and holds the position of Senior Vice-President and Head of the Treasury Services Group. His work experiences include: Accounting Assistant and Assistant Secretary Head of China Banking Corporation from 1991 to 1993; Treasury Officer of Urban Bank Inc. from 1993 to 1995; Manager and Chief Dealer of Bangkok Bank Manila, and of Bank of Tokyo Mitsubishi from 1995 to 2004; Treasury Head of Oilink International from 2004 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.

Committee(s): Asset & Liability, IT Steering, and Management

Consuelo V. Dantes (Filipino, 56 years old)

Ms. Consuelo V. Dantes was appointed as the Human Resources Group Head with the rank of Senior Vice-President effective March 2017. She brings with her 33 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 (EWB) as Human Resources Group Head from May 16, 2013 to July 31, 2016. Apart from being the Head of HRG, she was also the Chief of Staff from May 16, 2012 to May 15, 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 PlantersBank (now China Bank Savings) for 22 years from June 18, 1990 to March 31, 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. Also, during her stint with PlantersBank (now ChinaBank Savings) she was 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, 63 years old)

Mr. Rosendo 'Rudy' Sia joined Philippine Business Bank in July 2016. He is the Senior Vice President/Group Head of the Business Development Group for Visayas and Mindanao. His task is to generate business from new clients as well as development and deepen further banking relationship with existing bank clients. 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

Roselle M. Baltazar (Filipino, 45 years old)

Ms. Roselle M. Baltazar is the First Vice-President and Assistant Comptroller at the same time, Head of Central Operations Group of PBB. In 1999, she joined PBB and held various managerial and executive positions including: VP-COG Head - January 2011- June 2012, On June, 2012, appointed as Assistant Controller; Assistant Vice President & COG Head - March 2005-December 2010; Senior Manager and Head of Central Operations Group from 2004 to 2005; Senior Manager and Head of Branch Operations Control Center (BOCC) from 2001 to 2004; Senior Manager and Head of General Services Center (GSC) from 2001 to 2003; Manager and Head of Systems and Methods Sector (SMS) from 2000 to 2001; and Assistant Manager and Senior Systems Analysts from 1999 to 2000. She started her banking career at Westmont Bank (now United Overseas Bank) as: Accountant from 1996 to 1999, Audit Examiner II from 1995 to 1996, Loan Assistant from August 1995 to October 1995, and CASA Bookkeeper from June 1995 to August 1995. She is a Certified Public Accountant and a Civil Service (Professional and Sub-Professional) eligible.

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

Felipe V. Friginal (Filipino, 64 years old)

Mr. Felipe V. Friginal was appointed as the Branch Operations and Control Group Head in 2018 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 2003 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, Asset & Liability, Bid, Credit, Employee Discipline, IT Steering, Management, and Product

Eduardo R. Que (Filipino, 57 years old)

Mr. Eduardo "Poy" 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, Bachelor of Science in Commerce, Major in Management of Financial Institutions and was a Dean's Lister. Mr. Que pursued his Masters Degree at Ateneo de Manila, Rockwell - Masters in Business Administration (MBA), full course Dean's Lister, batch top-notcher and Gold Medal Awardee in academics.

Committee(s): Asset & Liability and Management

Belinda C. Rodriguez (Filipino, 57 years old)

Ms. Belinda C. Rodriguez joined Philippine Business Bank on January 2016 as Chief Risk Officer (CRO) and Head of Enterprise Risk Management Group. As CRO, she is responsible for the supervision of the implementation of the risk management framework as part of corporate governance whereby risk management policies and best practices are instituted.

Ms. Rodriguez is a seasoned bank executive with 33 years of experience in the financial services industry and a strong background in enterprise risk management honed from job exposure from her employment both on the regulator (BSP) as examiner and regulated private and government banks. Most recently, she served as First Vice President for Asia United Bank, where she held various positions for eighteen years that included the CRO, Chief Compliance Officer (CCO), and head of the branch banking operations support and treasury operations.

She was Executive Vice President for Operations and Controllershship of Town Savings Bank. She

was head of Treasury Operations of foreign-owned Dao Heng Bank. After BSP, she joined the Management Training Program of Land Bank of the Philippines and then later became head of the Treasury Operations and Product Development. During her career, she has managed a number of activities involving operations and control functions. Other areas of expertise include audit, compliance, remittance, and resource optimization through improved controls, re-engineering and process realignment.

Ms. Rodriguez has participated in and continues to join various banking industry forums on risk management, regulatory compliance, AMLA, and credit risk. She was a resource speaker on the topic of Risk Management of the RBAP Institute for almost ten years. She is a graduate of state university, Polytechnic University of the Philippines with a degree in Commerce Major in Accounting and is a Certified Public Accountant (CPA). Ms. Rodriguez has completed her MBA degree from the Ateneo Graduate School of Business (AGSB).

Committee(s): IT Steering, Management, and Product

Liza Jane T. Yao (Filipino, 48 years old)

Ms. Liza Jane Yao is the Bank's General Services Head with a rank of First Vice President. She brings with her 15 years of banking experience.

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 & Liability, Bid, and Management

Jose Maria P. Valdes (Filipino, 62 years old)

Mr. Jose Maria P. Valdes was appointed Information Technology Group Head on July 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 2007. Prior to joining PBB, he was IT Director at Encash, Inc. from 2007 to 2017.

He attended the Anti Money Laundering Act Seminar in 2003 and 2017; and Corporate Governance Seminar in 2004.

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, 48 years old)

Mr. Rodel P. Geneblazo is the First Vice President and Consumer Banking Group Head of Philippine Business Bank. He was appointed to this position effective 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 the same year until December 2017. He moved back to PBB in the beginning of 2018 and became its Consumer Banking Group Head up to the present.

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): Management

Miami V. Torres (Filipino, 57 years old)

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

She has with her 35 years of banking experience which started in 1984 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 17-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 (CPA) from the University of Santo Tomas.

Committee(s): Credit, IT Steering, Management, and Remedial & Special Assets Management.

Rolando G. Alvendia (Filipino, 55 years old)

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

In his 32 years of banking experience, he was an Accounting Supervisor at United Coconut Planters Bank from 1986 to 1995 and 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 Assistant VP. 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, 46 years old)

Mr. Enrico Teodoro is the IT Deputy Head and OIC of Project Management Office.

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, 70 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 37 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 1997-2001, 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 & FATCA, Management, Product, and Remedial & Special Assets Management

John David D. Sison (Filipino, 34 years old)

Mr. Dave Sison joined Philippine Business Bank in July 2014. He leads the Bank's Corporate Planning 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 since 2008. 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 & Liability and Management

Ma. Joyce G. Zarate (Filipino, 56 years old)

Ms. Joyce Zarate brings with her 29 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 Philippine Business Bank in February 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): IT Steering, Management, and Product

Reynaldo E. Ebanen (Filipino, 51 years old)

Mr. Reynaldo E. Ebanen was hired by the Bank as Deputy Chief Compliance Officer in April 2016 and assumed the position of Acting Chief Compliance Officer in January 2018 up to the present.

He started his banking career in Active Bank as an Accounting Assistant from 1991 to 1992 and was promoted to Branch Accountant in 1993 to 1995 and Account Officer in 1996 to 1997. His other banking experiences include: Branch Accountant (1998 to 2000), Branch Manager (2000-2001), Head of AML Unit (2001 to 2006) at United Overseas Bank; AML Officer at United Coconut Planters Bank (2006 to 2008); and Compliance and AML Officer at Bank of Makati Inc. (2008 to 2016).

Mr. Ebanen is a graduate of Bachelor of Science in Business Administration Major in Accounting from the University of the East and attended the Trust Operations and Investment Management Program at the Asian Institute of Management (AIM).

Committee(s): Anti-Money Laundering & FATCA, Employee Discipline and Management

Laurence R. Rapanut (Filipino, 57 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

Teresita S. Sion (Filipino, 66 years old)

Ms. Teresita S. Sion is the Assistant Vice President and Trust Officer of PBB. Her banking experiences include: Per Pro of the Trust Services Group at Philippine Commercial International Bank from 1976 to 1991; Officer-in-Charge of the Trust Banking Group of Metropolitan Bank and Trust Company from 1991 to 1995 and later became the Senior Manager of the Trust and Investment Department of All Asia Capital which she held until September of 1998; Vice President and Head of the Trust Banking Group of Export and Industry Bank, Inc from October 1998 to November 2006; Consultant on Financial Matters of MRC Allied, Inc from August 2008 to May 2009; and was also the Consultant for Trust Banking Sector of Asiatrust Development Bank from May 2009 to July 2009. She was later appointed as Vice President and Trust Officer of the same bank until February 2012. She joined PBB in February 2012 as Marketing and Business Development Officer and became the Assistant Vice President and Trust Officer on November of the same year.

Committee(s): Management and Trust

Emma K. Lee (Filipino, 60 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 (8) 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.

Emma K. Lee and Chairman Francis T. Lee are first cousins.

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	2016	2017	2018
CEO and the four (4) most highly compensated officers of the Bank namely:		23.81	27.93	38.66
Rolando R. Avante	President & CEO			
Peter N. Yap	Chief Marketing Officer			
Rosendo G. Sia	Business Development Executive			
Joseph Edwin S. Cabalde	Treasurer			
Consuelo V. Dantes	Human Resources Group Head			

Total Aggregate Compensation of Directors and Officers of the Bank as a group:	Salary	Other Compensation	Bonus	Total
2016	248.30	19.21	57.80	325.31
2017	291.87	21.23	68.76	381.86
2018	368.29	32.19	87.44	487.92

Compensation of Directors

Each director of the Bank receives a per diem allowance of ₱20,000.00 determined by the Board of Directors for attendance in a Board meeting and a ₱5,000.00 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 to ₱10.00.

Security Ownership of Management

The following directors and executive officers of the Company directly own approximately 4.85% percent of the Company's issued and outstanding common stock as of December 31, 2018 as follows:

Name of Director	Nationality	Present Position	No. of Shares	Class
Francis T. Lee	Filipino	Chairman	26,505,000	Common
Jeffrey S. Yao	Filipino	Vice Chairman	1,620,535	Common
Rolando R. Avante	Filipino	President & CEO	857,922	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. Alcosoba	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 4.85% with a total of 31,232,890 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.

	2017		2018	
	Transaction	Balance	Transaction	Balance
Entities Under Common Ownership				
Deposit Liabilities	914,160,412	7,386,127,107	(2,305,623,210)	5,080,503,897
Interest Expense	66,106,681	-	101,498,910	-
Loans	527,860,985	767,983,251	257,708,642	927,636,924
Interest Income	29,782,815	969,508	37,866,916	1,081,314
Retirement Fund				
Contribution	37,133,819	-	34,039,326	-
Plan Assets	163,694,753	202,904,139	6,858,486	209,762,625
Key Management Compensation	113,530,990	-	158,028,243	-

i. DOSRI Deposits

The total balance of DOSRI deposits are inclusive of the corresponding related accrued interest included in the financial statements as of December 31, 2017 and 2018.

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. In aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Bank, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2017 and 2016, 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, 2017	December 31, 2018
Total outstanding DOSRI loans	₱ 767,983,251	₱ 927,636,924
Unsecured DOSRI loans	29,210,591	33,929,983
Past due DOSRI loans	-	-
% to total loan portfolio	1.1%	1.2%
% of unsecured DOSRI loans to total DOSRI loans	3.9%	3.7%
% of past due DOSRI loans to total DOSRI loans	0.0%	0.0%

The details of total outstanding DOSRI Loans for the year ended December 31, 2017 and 2018 are shown below:

	<u>2017</u>	<u>2018</u>
Commercial loans	P 732,434,589	P 888,066,230
Key management personnel	<u>35,548,662</u>	<u>39,570,694</u>
	<u>P 767,983,251</u>	<u>P 927,636,924</u>

The Bank leases the following properties from affiliated parties:

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

	2016	2017	2018
Short-term benefits	₱ 92,909,936	₱ 104,997,794	₱ 124,500,369
Post-employment benefits	9,024,121	8,533,196	33,527,874
Total	₱ 101,934,057	₱ 113,530,990	₱ 158,028,243

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

	2016	2017	2018
Salaries and wages	₱ 72,088,807	₱ 81,600,760	₱ 96,765,374
Bonuses	17,987,189	20,562,459	24,276,370
Social security costs	1,508,717	1,550,625	1,524,668
Other short-term benefits	1,325,223	1,283,950	1,933,957
Total	₱ 92,909,936	₱ 104,997,794	₱ 124,500,369

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Corporate Governance, as an indispensable component of a sound strategic business management and as foundation of stakeholder, depositor and public trust, the Board of Directors and Management and Staff of Philippine Business Bank, Inc. (PBB) commits to the principles and best practices contained in the Board Approved Corporate Governance Manual that guide PBB in the attainment of goals.

PBB believes that corporate governance is a system of rules, practices and process by which the Bank is directed and controlled. The Board of Directors sets the tone at the top through directives and policies that is being communication to its employees.

The Bank as a publicly listed institution is being regulated and supervised by the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC). The Bank's activities are subject to the provisions of the General Banking Law of 2000 (Republic Act No. 8791), Corporation Code of the Philippines, and other laws such as the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended.

The Board of Directors is primarily responsible for defining the bank's vision and mission. The Board of Directors has the fiduciary responsibility to the Bank and all its shareholders including minority shareholders. It shall approve and oversee the implementation of strategies to achieve corporate objectives. It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall establish a sound corporate governance framework.

Major role and contribution of the Chairman of the Board

The Chairman of the board of directors shall provide leadership in the board of directors. He shall ensure effective functioning of the board of directors, including maintaining a relationship of trust with members of the board of directors. He shall:

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

During the Bank's annual stockholders meeting on May 25, 2018, the stockholders approved the appointment of Mr. Narciso De Leon Eraña as Independent Director and Mr. Roberto C. Uyquiengco. Mr. Uyquiengco assumed the position of Independent Director on January 11, 2019 upon approval of the Securities and Exchange Commission of the amendment of the Bank's Articles of Incorporation increasing the number of directors from ten (10) to eleven (11) board seats.

Name of Directors	Board		Executive		Audit		Corporate Governance	
	Attended	%	Attended	%	Attended	%	Attended	%
Francis T. Lee	11	92%	39	100%				
Jeffrey S. Yao	11	92%	39	100%	4*	100%	2*	50%
Rolando R. Avante	12	100%	39	100%				
Danilo A. Alcoseba	12	100%			11	100%	3*	100%
Roberto A. Atendido	10	83%			8	73%	4	57%
Paterno H. Dizon	11	92%			11	100%	7	100%
Honorio O. Reyes-Lao	11	92%						
Benjamin R. Sta. Catalina, Jr.	11	92%			10	91%	6	86%
Dra. Leticia M. Yao	12	100%						
Narciso DL. Eraña**	7*	100%			6*	100%	4*	100%
Amador T. Vallejos Jr.***	-	-			-	-	-	-
Total Number of Meetings held during the year 2018	12		39		11		7	

Name of Directors	Related Party Transactions		Risk Oversight		Trust	
	Attended	%	Attended	%	Attended	%
Francis T. Lee					3*	100%
Jeffrey S. Yao			4*	80%	1*	50%
Rolando R. Avante					5	100%
Danilo A. Alcoseba	11	100%	5*	100%		
Roberto A. Atendido	9	82%	8	67%		
Paterno H. Dizon	10	91%	11	92%		
Honorio O. Reyes-Lao	5*	100%	10	83%	5	100%
Benjamin R. Sta. Catalina, Jr.	9	82%	10	83%		
Dra. Leticia M. Yao					5	100%
Narciso DL. Eraña**	6*	100%	7*	100%		
Amador T. Vallejos Jr.***	-	-	-	-		
Total Number of Meetings held during the year 2018	11		12		5	

*Based on the revised composition of the board-level and management level committees

**Appointed as member of the Board on May 25, 2018.

***Absence due to sickness

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 existing relationship between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent relationships with counterparties are captured;
2. Evaluate all material RPTs to ensure that these are not undertaken on more favourable 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. Ensures 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. Reports 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 and 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.

Off-market rates applies to DOSRI provided these are supported by valid justifications or reasons (such as high volatility in the market, meaning quoted rates might have changed greatly

within the day) and senior management is made fully aware of such reasons/justifications and subject to the off-market rate tolerance level. Off-market rates are foreign currency rates, fixed income yields or prices, and money market rates that are higher than the highest prevailing market rates and lower than the lowest prevailing market rates.

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 with Sections X148, X334 and X335 of 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 Bank's 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.

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 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 Board shall be responsible in developing and maintaining a sound CPRMS which shall be integrated into the overall framework for the entire product and service life cycle. The Board and Senior Management should periodically review the effectiveness of the CPRMS, including how findings are reported and whether the audit mechanisms in place enable adequate oversight. The Board and Senior Management must also ensure that sufficient resources have been devoted to the program. Likewise, the Board and Senior Management must also make certain that CPRMS weaknesses are addressed and corrective actions are taken in a timely manner.

C. Consumer Assistance Management System

The Consumer Assistance Management System (CAMS) is a mechanism that records all complaints filed by customers either through the Bangko Sentral ng Pilipinas (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	Banking Day	Non-Banking Day
Branch/H.O. unit	8:30 AM – 5:30 PM	Y	N
CPO Hotline 363-8050 loc. 1035 or 1027	8:30 AM – 5:30 PM	Y	N
PBB Helpdesk 363-3000	24 hrs.	Y	Y
Mobile Phone thru TEXT 0922-8715322	24 hrs.	Y	Y
Direct Recorded 363-HELP (4357)	8:30 AM – 5:30 PM	Y	N

- iii. Via e-mail at consumerprotection@pbb.com.ph
- b. The concerned branch/Head Office unit personnel 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 concerned branch/Head Office unit shall transmit the CCF to the Consumer Protection Unit via e-mail or fax.

- 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 daily 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.

PART V - EXHIBITS AND SCHEDULES

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

(a) Audited Financial Statements

Undertaking

PBB will provide without charge the copy of its Audited Financial Statement on SEC FORM 17-A to its stockholders upon receipt of a written request addressed to its Corporate Secretary, Atty. Roberto S. Santos at 3rdF PBB Corporate Center, 350 Rizal Avenue corner 8th Avenue, Gracepark, Caloocan City.

(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.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in City of CALUBZAN CITY on 15 MAR 2019.

By:



FRANCIS T. LEE
 Chairman

Francis T. Lee

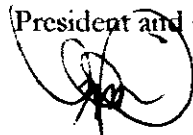
ROSELLE M. BALTAZAR
 Assistant Comptroller



ATTY. ROBERTO S. SANTOS
 Corporate Secretary



ROLANDO R. AVANTE
 President and Chief Executive Officer



ROLANDO G. ALVENDIA
 Chief Accountant

15 MAR 2019

SUBSCRIBED AND SWORN to before me this _____ day of _____ 20__
 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	TIN NO.
FRANCIS T. LEE	113-336-814
ROLANDO R. AVANTE	106-968-623
ROSELLE M. BALTAZAR	179-193-899
ROLANDO G. ALVENDIA	107-182-307
ROBERTO S. SANTOS	123-467-623



Notary Public

ATTY. NINO CHRISTOPHER R. PURA
 Notary Public (MC-344 Valid Until Dec. 31, 2019)
 Roll of Acceptance No. 53088
 PTR No. 10382054, 04-03-19, Calubzon
 IBP No. 056946, 12-03-18, Calubzon
 MCLF Cert. No. V-0023635, 06 06 18
 958 Rizal Ave. Cal. 5th Ave. (Cross Park) Calubzon

REC'D BY _____ 16
 APPROVED BY _____ 5
 DATE _____ 7
 SIGNATURE _____ 14

