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S.E.C. Registration Number

P H I L I P P I N E B A N K O F C O M M U N I C A T I O N S

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(Company's Full Name)

P B C O M T O W E R , 6 7 9 5 A Y A L A A V E N U E

C O R N E R V . A . R U F I N O S T R E E T

M A K A T I C I T Y

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

Michael Stephen H. Lao

Contact Person

(02) 8830-7062

Company Telephone Number

3rd Tuesday of June

1 2 3 1

Month Day

Fiscal Year

2 0 I S

Form Type

[Empty boxes]

Month Day

Annual Meeting

[Empty box]

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

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Amended Articles Number/Section

[Empty boxes] 3 9 8

Total No. of Stockholders

Total Amount of Borrowings

[Empty box]

Domestic

[Empty box]

Foreign

To be accomplished by SEC Personnel Concerned

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File Number

LCU

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Cashier

STAMPS

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of the **PHILIPPINE BANK OF COMMUNICATIONS** (“PBCOM”) will be held on **Tuesday, 13 June 2023, 9:00 a.m. to 10:00 a.m.** The meeting will be conducted virtually and can be accessed at the link to be provided in the Bank’s website at <https://www.pbcom.com.ph/>.

A G E N D A

1. Call to Order
2. Certification of Notice and Quorum
3. Review and Approval of the Minutes of the Previous Meeting held on 7 June 2022
4. Annual Report of Management and Approval of the Audited Financial Statements for 2022
5. Ratification of Acts of the Board of Directors and Management since the Last Annual Meeting of Stockholders
6. Amendments to the By-Laws to align certain provisions with the Revised Corporation Code
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

For purposes of the meeting, only stockholders of record as of **21 April 2023** are entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

PBCOM will be holding a virtual Annual Meeting. The conduct of the Annual Meeting will be streamed live, and stockholders may attend, participate and vote only through proxy, remote communication or *in absentia*. The requirements and procedures for voting *in absentia* and participation through remote communication are set forth in the Information Statement.

Stockholders who choose to vote by proxy must submit and address their signed proxy to the attention of the Corporate Secretary at 5/F PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City or via e-mail at CorporateSecretary@pbcom.com.ph not later than 5:00 p.m. on or before 30 May 2023.

In compliance with SEC Resolution No. 196, Series of 2015, a copy of the Unaudited Interim Financial Statements of PBCOM with Management Discussion and Analysis for the period ended 31 March 2023 shall be posted in PBCOM’s website at <https://www.pbcom.com.ph/> on or before 30 May 2023. A hard copy of the said interim financial statements shall be provided within a reasonable time upon request by any stockholder.

Copies of the following documents will be available upon request: (i) Minutes of the Annual Meeting of Stockholders held on 7 June 2022; (ii) Information Statement; (iii) Management Report; (iv) Audited Financial Statements for the year 2022.

PBCOM IS NOT SOLICITING PROXIES.


MICHAEL STEPHEN H. LAO
Corporate Secretary

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 BANK OF
COMMUNICATIONS**
3. Province, country or other jurisdiction of incorporation or
organization **Philippines**
4. SEC Identification Number **PW00000686**
5. BIR Tax Identification Number **000-263-340-000**
6. Address of Principal Office PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street,
Makati City 1226, Philippines
7. Registrant's telephone number, including area code **(632) 8830-7000**
8. Date, time and place of meeting of security holders
Date **13 June 2023 Tuesday**
Time **9:00 a.m. to 10:00 a.m.**
Place **Virtual Stockholders' Meeting at the link to be provided in PBCOM's website -
<https://www.pbcom.com.ph/>**
9. Approximate date on which the Information Statement is first to be sent or given to security holders
23 May 2023
10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA
(information of the number of shares and amount of debt is applicable only to corporate registrants)
- | <u>Title of Each Class</u> | <u>Number of Common Stock Outstanding or
Amount of Debt Outstanding</u> |
|----------------------------|---|
| Common Stock | 480,645,163 shares |
| Debt Outstanding | None |
11. Are any or all of the registrant's securities listed on a Stock Exchange?
Yes No
12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange, Inc. **Common Shares**

We are not asking you for a proxy and you are requested not to send us a proxy.

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date : 13 June 2023, Tuesday
Time : 9:00 a.m. to 10:00 a.m.
Place : Virtual Stockholders' Meeting at the link to be provided in PBCOM's website - <https://www.pbcom.com.ph/>

Mailing Address of the Bank

The complete mailing address of the Philippine Bank of Communications (hereinafter, "PBCOM", the "Bank" or the "Corporation") is:

PHILIPPINE BANK OF COMMUNICATIONS
PBCOM Tower, 6795 Ayala Ave. corner V.A. Rufino St.
Makati City 1226, Philippines

Record Date

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of the Stockholders is **21 April 2023** (the "Record Date").

Approximate Date of First Release of Information Statement

The approximate date on which this Information Statement will be first sent out to the stockholders of the Bank is on **23 May 2023**.

Dissenter's Right of Appraisal

In accordance with Title X of the Revised Corporation Code, any stockholder of the Bank has the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The procedure for the exercise of such appraisal right by the stockholders is as follows:

1. The stockholder voted against the proposed corporate action.
2. The dissenting stockholder shall make a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair market value of his shares. The failure of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right.
3. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock within ten (10) days after demanding payment for his shares, the fair value thereof; and
4. Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the corporation.

To date, there are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Revised Corporation Code.

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

There is no matter to be acted upon in which any director or executive officer is involved or had a direct, indirect or substantial interest (except the election of directors).

No director has informed the registrant, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- (a) **Total Number of Shares Outstanding as of the date of this report:** 480,645,163 common shares

Number of Votes per Share: One (1) vote per share.

- (b) **Record Date:** All stockholders of record as of the close of business on **21 April 2023** are entitled to notice of, and to vote at, the Annual Meeting.
- (c) Pursuant to Article II, Section 2 of the Bank's By-laws, a stockholder may vote during the Annual Stockholders' Meeting in person or by proxy.

In accordance with Section 23 of the Revised Corporation Code, a stockholder may vote for the directors of the Bank in any of the following manner:

1. He may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by his shares; or
2. He may distribute them in the same principle among as many candidates as he shall see fit.
3. In any of the foregoing instances, the total number of votes cast by the shareholder should not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the number of directors to be elected.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia*, stockholders may access the Bank’s online web address at <https://www.pbcom.com.ph/>, to be able to register and vote *in absentia* on the matters for approval at the meeting. A stockholder who votes in absentia shall be deemed present for purposes of quorum.

Participants may send questions or remarks via the livestream portal. Stockholders may also send questions and/or remarks in advance or during the meeting to the Corporate Secretary at CorporateSecretary@pbcom.com.ph.

The requirements and procedures for voting in absentia and participation through remote communication are set forth under Annex “A” of this Information Statement.

Security Ownership of Certain Record and Beneficial Owners as of April 21, 2023:

There are no delinquent stocks and the direct and indirect record of beneficial owners of more than five percent (5%) of common shares of the Bank as of April 21, 2023 are:

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Ownership and relationship with Record Owner	Citizenship	No. of Shares	% Held
Common	P.G. Holdings, Inc. 900 Romualdez St., Paco, Manila Stockholder	Lucio L. Co-Chairman and Susan P. Co-Director- Authorized to vote the shares	Filipino	186,241,408	38.75%
Common	VFC Land Resources, Inc.* 1379 San Gregorio St., Paco, Manila Stockholder	Various stockholders Lucio L. Co – Authorized to vote the shares	Filipino	88,883,602	18.49%
Common	Ralph C. Nubla, Jr.** 2 Sanso Street, Corinthian Gardens, Quezon City Stockholder	Ralph C. Nubla, Jr. – same as record owner	Filipino	51,779,374	10.77%
Common	PCD Nominee Corporation 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City Stockholder	Various stockholders No stockholder owns more than 5% of the company’s voting securities through PCD	Filipino Non-Filipino	64,411,907 1,993,861 66,405,768	13.82%
Common	Eric O. Recto*** 5/F PBCOM Tower 6795 Ayala Ave. cor. V.A. Rufino St., Makati City Stockholder	Eric O. Recto – same as record owner	Filipino	50,159,424	10.43%
Common	Telengtan Brothers & Sons, Inc. Km. 14, South Superhighway, Paranaque City Stockholder	Various stockholders Authorized to vote the shares-any one the ff: Bunsit Carlos G. Chung/Felix Chung/Ching Tiong Keng	Filipino	31,859,844	6.63%

* - 15,263,964 shares of the 88,883,602 shares of VFC Land Resources, Inc. are under PCD Nominee Corp.

** - 5,260,338 shares of the 51,779,374 shares of Ralph C. Nubla, Jr. are under PCD Nominee Corp.

*** - 323,648 shares of the 50,159,424 shares of Eric O. Recto are under PCD Nominee Corp.

Except as stated above, the Board of Directors and Management of the Bank have no knowledge of any person who, as of the date of this report, was indirectly or directly the beneficial owner of more than five percent (5%) of the Bank’s outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the

outstanding shares of common stock. There are no persons holding more than five percent (5%) of the Bank's common stocks that are under a voting trust or similar agreement.

The PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares. The beneficial owners, such as the clients of PCD, have the power to decide how their shares are to be voted.

Security Ownership of Management

The following are the number of shares of common stock owned of record and beneficially by the directors and executive officers of the Bank and the percentage of shareholdings of each, as of April 21, 2023:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent
Common	Eric O. Recto	Direct 50,159,424*	Filipino	10.43%
Common	Leonardo B. Dayao	Direct 10,001	Filipino	0.00%
Common	Patricia May T. Siy	Direct 100	Filipino	0.00%
Common	Bunsit Carlos G. Chung	Direct 550,716	Filipino	0.11%
		Indirect 449,294		0.09%
Common	Lucio L. Co	Direct 1	Filipino	0.00%
		Indirect 93,120,704		19.37%
Common	Susan P. Co	Direct 1	Filipino	0.00%
		Indirect 93,027,584		19.35%
Common	Jack E. Huang	Direct 100	Filipino	0.00%
Common	Levi B. Labra	Direct 100	Filipino	0.00%
Common	Gregorio T. Yu	Direct 1,432,692	Filipino	0.30%
Common	Stephen Anthony T. CuUnjieng	Direct 100	Filipino	0.00%
Common	Conrado A. Gloria, Jr.	Direct 100	Filipino	0.00%
Common	Teresita J. Herbosa	Direct 100	Filipino	0.00%
Common	Emmanuel Y. Mendoza	Direct 100	Filipino	0.00%
Common	Gilda E. Pico	Direct 100	Filipino	0.00%
Common	John Howard D. Medina	N/A 0	Filipino	0.00%
Common	Alan E. Atienza	N/A 0	Filipino	0.00%
Common	Victor O. Martinez	N/A 0	Filipino	0.00%
Common	Arlene M. Datu	N/A 0	Filipino	0.00%
Common	Expedito G. Garcia	N/A 0	Filipino	0.00%
Common	Erico C. Indita	N/A 0	Filipino	0.00%
Common	Jane Lim-Laragan	N/A 0	Filipino	0.00%
Common	Jeruel N. Lobien	N/A 0	Filipino	0.00%
Common	Mina F. Martinez	N/A 0	Filipino	0.00%
Common	Greg L. Romero	N/A 0	Filipino	0.00%
Common	Michael Stephen H. Lao	N/A 0	Filipino	0.00%

* - 323,648 shares of the 50,159,424 shares of Eric O. Recto are under PCD Nominee Corporation

Except as disclosed above, the Bank has not received from any of the directors or executive officers of the Bank any statement of ownership, whether of record or beneficially, of more than five percent (5%) of the Bank's outstanding shares of common stock. As known by the Bank, the aggregate number of common shares owned directly by all key officers and directors as a group as of April 21, 2023 is 238,751,217 common shares.

Changes in Control

There are no voting trust agreements or any other similar agreement that may result in a change in control of the Bank of which the Bank has any knowledge. No change in control of the Bank has occurred since the beginning of its last fiscal year.

Directors and Executive Officers

Pursuant to the Bank's By-Laws, the directors are elected at the annual stockholders' meeting to hold office until next succeeding annual meeting and until their respective successors in interest have been elected and qualified.

The following names have been nominated for election to the Board of Directors for the ensuing year, 2023-2024:

Eric O. Recto
Leonardo B. Dayao
Patricia May T. Siy
Lucio L. Co
Susan P. Co
Bunsit Carlos G. Chung
Jack E. Huang
Levi B. Labra
Gregorio T. Yu
Hans B. Sicat
Stephen Anthony T. CuUnjieng – Independent Director
Conrado A. Gloria, Jr. – Independent Director
Teresita J. Herbosa – Independent Director
Emmanuel Y. Mendoza – Independent Director
Gilda E. Pico – Independent Director

The aforementioned list of nominees had been evaluated and confirmed by the Nominations Committee of the Bank.

The nominees for Independent Director have all the qualifications and none of the disqualifications of an Independent Director.

The following names were nominated as members of the Executive, Risk Oversight, Governance, Audit, Related Party Transactions (RPT), and Trust Committees for the ensuing year:

Executive Committee

- a. Lucio L. Co (Chairperson)
- b. Eric O. Recto (Vice Chairperson)
- c. Leonardo B. Dayao (Vice Chairperson)
- d. Patricia May T. Siy
- e. Bunsit Carlos G. Chung

Risk Oversight Committee

- a. Conrado A. Gloria, Jr. (Chairperson / Independent Director)
- b. Teresita J. Herbosa (Independent Director)
- c. Levi B. Labra
- d. Patricia May T. Siy

Governance Committee

- a. Gilda E. Pico (Chairperson / Independent Director)
- b. Conrado A. Gloria, Jr. (Independent Director)
- c. Stephen Anthony T. CuUnjieng (Independent Director)
- d. Eric O. Recto
- e. Leonardo B. Dayao

The Governance Committee also serves as the Bank's Nominations Committee, Compensation and Remuneration Committee and Performance Evaluation Committee.

Audit Committee

- a. Emmanuel Y. Mendoza (Chairperson / Independent Director)
- b. Gilda E. Pico (Independent Director)
- c. Teresita J. Herbosa (Independent Director)

RPT Committee

- a. Conrado A. Gloria, Jr. (Independent Director)
- b. Gilda A. Pico (Independent Director)
- c. Stephen Anthony T. CuUnjieng (Independent Director)
- d. Levi B. Labra

Trust Committee

- a. Eric O. Recto (Chairperson)
- b. Patricia May T. Siy
- c. Jack Ekian T. Huang
- d. Dreda Teresa D. Mendoza/Trust Officer

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

In compliance with SEC SRC Rule 38, and as a matter of practice, the Bank has adopted the following rules in the nomination and election of directors.

SEC.1. Period. All the nominations for directors and independent directors shall be submitted to the Nominations Committee through any of the members of the committee or the Corporate Secretary at any time before the submission of the Definitive Information Statement to the Securities and Exchange Commission, allowing the Nominations Committee sufficient time to pass upon the qualifications of the nominees.

SEC.2. Form and Contents. All nominations shall be in writing duly signed by a stockholder and accepted and conformed to by the nominees likewise in writing indicating whether a particular nominee/s is/are intended to be an independent director or not. It must contain the nominee's age, educational attainment, work and/or business experience and/or affiliation.

SEC.3. Qualifications. No individual shall be nominated as director or independent director unless he meets the minimum requirements/qualifications prescribed by the regulatory agencies/offices concerned of listed banks.

SEC.4. List of Candidates. The Nominations Committee shall pre-screen the qualifications of the nominees and prepare the final list of candidates, including a summary of all relevant information about them.

Names of Directors and Executive Officers

The following are the names, ages and periods of service of the nominee Directors and executive officers of the Company with a brief description of the business experience during the past five years of each of the directors and executive officers:

Board of Directors

ERIC O. RECTO, *Chairman of the Board and Director*

Eric Recto, Filipino, 59 years old, was elected Director and Vice Chairman of the Board on July 26, 2011, appointed Co-Chairman of the Board on January 18, 2012 and Chairman of the Board on May 23, 2012.

He is presently Chairman of the Board and Chief Executive Officer of Alphaland Corporation; Director and President of Atok-Big Wedge Co., Inc. and Chairman and President of Bedfordbury Development Corporation. Mr. Recto is also Vice Chairman and Lead Independent Director of Aboitiz Power Corporation and Independent Director of Manila Water Company, Inc. He was recently appointed Senior Advisor of Stonepeak Infrastructure Partners in the US and Director of Miescor Infrastructure Development Corporation.

Prior to his current roles, he was President of Petron Corporation, the largest oil refining and marketing company in the Philippines. He also previously served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005.

Mr. Recto has an undergraduate degree in Industrial Engineering from the University of the Philippines and has an MBA from Cornell University's Johnson Graduate School of Management.

LEONARDO B. DAYAO, *Vice Chairman and Director*

Mr. Dayao, Filipino, 79 years old, was elected Director on September 29, 2014 and Co-Vice Chairman on October 24, 2014. Mr. Dayao currently holds the following positions in publicly listed companies: President of Cosco Capital, Inc. and Director of Puregold Price Club, Inc.

He also holds various positions in the following privately-owned companies: Chairman and President of Fertuna Holdings Corp., Chairman of Catuiran Hydropower Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, League One Finance and Leasing Corporation, Pamana Water Corporation, PSMT Philippines, Inc., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc.; Vice-Chairman of Ayagold Retailers, Inc.; President of Alcorn Petroleum Minerals Corporation, K4 Water Resources Corporation, NE Pacific Shopping Centers Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., San Jose City I Power Corp., Southern Utility Management Services, Incorporated (SUMSI), Union Energy Corporation; Vice-President of Alerce Holdings Corp., Bellagio Holdings, Inc., KMC Realty Corporation, Puregold Properties, Inc., Union Equities, Inc.; and Director of Canaria Holdings Corporation, Entenso Equities Incorporated, Kareila Management Corporation and Puregold Realty Leasing & Management, Inc.

Mr. Dayao received a Bachelor of Science Degree in Commerce from Far Eastern University. He is a Certified Public Accountant and has completed Basic Management Program at Asian Institute of Management and earned units in MBA from University of the Philippines-Cebu.

LUCIO L. CO, *Chairman of the Executive Committee and Director*

Mr. Co, Filipino, 68 years old was elected Director on September 29, 2014. Mr. Co currently holds the following positions in other publicly listed companies: Director and Chairman of Puregold Price Club, Inc., Chairman of Cosco Capital, Inc. and Chairman of The Keepers Holdings, Inc. (formally Da Vinci Capital Holdings, Inc.).

He is also the Chairman of the following privately-owned companies: Alcorn Petroleum & Minerals Corporation, Bellagio Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Entenso Equities Incorporated, Invescap Incorporated, Makabayan Holdings Incorporated, NE Pacific Shopping Centers Corporation, P.G. Holdings, Inc., Pajusco Holdings Corporation, Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Union

Energy Corporation, and Union Equities, Inc., Mr. Co is also a Director of the following privately-owned companies: Catuiran Hydropower Corporation, Cleangreen Energy Corporation, Forbes Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corp., LCCK & Sons Realty Corporation, League One Finance and Leasing Corporation, Meritus Prime Distributions, Inc., Montosco, Inc., Pamana Water Corporation, PPCI Subic Inc., Patagonia Holdings Corp., Premier Wine & Spirits, Inc., S&R Pizza (Harbor Point), Inc., and S&R Pizza, Inc., Tower 6789 Corporation and VS Gripal Power Corporation. He is a member of the Board of Trustees of Adamson University and Luis Co Chi Kiat Foundation, Inc.

Mr. Co has been an entrepreneur for the past 40 years.

PATRICIA MAY T. SIY, *President & CEO and Director*

Ms. Siy, Filipino, 62 years old, was elected Director, President and Chief Executive Officer on June 1, 2015. She is also a Director of PBCOM Finance Corporation and Chairman of PBCOM Insurance Services Agency, Inc.

Immediately before joining PBCOM, she served as Chief Corporate Planning Officer of Travellers International Hotel Group from 2012 and as Chief Finance Officer of Rustan's Supercenter Inc. from 2011 to 2012. Her banking experience spanned 39 years. She was with Security Bank Corporation where she held various positions from 2000 to 2011 in Middle Market Lending and Corporate Lending leading to the Executive Vice President post for the Commercial and Retail Banking Segment. She held senior positions in Standard Chartered Bank from 1994 to 2000 in the fields of Regional and Philippine Consumer Credit, Group Special Asset Management, and Corporate Banking in Cebu and Head Office. Her first Bank was Private Development Corporation of the Philippines where she stayed from 1983 to 1994 as Project Analyst, Cebu Lending Head, Visayas Lending Head, and then Branch Lending Head.

Ms. Siy graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering.

BUNSIT CARLOS G. CHUNG, *Director*

Mr. Chung, Filipino, 72 years old, was elected Director on June 17, 1997. He is Chairman & President of Supima Holdings, Inc., and Director of La Suerte Cigar & Cigarette Factory, Century Container Corporation, Bicutan Container Corporation, Tosen Foods Corporation, PBCOM Finance Corporation, State Investment House, Inc. and State Properties, Inc. He is an Advisory member of the Board of Trustees of Xavier School Inc., and a member of the Board of Trustees of Immaculate Conception Academy (Greenhills) Scholarship Foundation, Seng Guan Temple, Angelo King Foundation Inc. and Kim Siu Ching Family Association, Vice-Chairman & President of Tiong Se Academy.

Mr. Chung has a degree in AB (Economics) & Business Administration from De La Salle University as well as an MBA from the University of Southern California.

SUSAN P. CO, *Director*

Mrs. Co, Filipino, 65 years old was elected Director on September 29, 2014. She currently holds the positions of Vice-Chairman of Puregold Price Club, Inc. and Vice-Chairman and Treasurer of Cosco Capital, Inc., both publicly listed companies.

Mrs. Co is the Chairman and President of Cosco Price, Inc., Chairman of Kareila Management Corporation and Tower 6789 Corporation, President of Makabayan Holdings Incorporated and Director of the following privately-owned companies: Bellagio Holdings, Inc., Blue Ocean

Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., KMC Realty Corp., Meritus Prime Distributions, Inc., Montosco, Inc., NE Pacific Shopping Center Corporation, P.G. Holdings, Inc., Patagonia Holdings Corp., PPCI Subic Inc., Premier Wines and Spirits, Inc., Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc., San Jose City I Power Corp., Union Energy Corporation and Union Equities, Inc. and Treasurer of Forbes Corporation.

Mrs. Co received a Bachelor of Science Degree in Commerce from the University of Santo Tomas.

JACK EKIAN T. HUANG, Director

Mr. Huang, Filipino, 68 years old, was elected Director on June 4, 2019. He currently holds the positions of Director of Puregold Price Club Inc., and Cebu Business Continuous Forms, Vice President of Abacus Securities Corporation and Director and Treasurer of Richmedia Network Inc.) Mr. Huang also serves as Member of the Board of Trustees and Member of the Finance Committee of Sacred Heart School (Ateneo de Cebu).

In the past, he was Assistant Vice President of the Bank of the Philippine Islands, Branch Manager of Ayala Investment & Development Corporation and General Manager of Cebu Business Continuous Forms.

Mr. Huang obtained his Bachelor of Arts in Economics at the Ateneo de Manila University.

LEVI B. LABRA, Director

Mr. Labra, Filipino, 64 years old, served as an Independent Director from October 24, 2014 until his election as a regular member of the Board of Directors on February 22, 2017. Mr. Labra is also a Director of Cosco Capital, Inc., a publicly listed company.

He obtained his Bachelor of Science in Business Administration (Cum Laude) at the University of San Carlos, Cebu City.

GREGORIO T. YU, Director

Mr. Yu, Filipino, 64 years old, was elected Director on July 26, 2011 and is presently the Chairman of Auto Nation Group, Inc., Cats Automobile Corp and Nexus Technologies Inc. Mr. Yu also sits as Director in various companies, among which are CATS Asian Cars, Inc., American Motorcycles, Inc., Unistar Credit and Finance Corporation, Glyph Studios, Inc., Prople BPO Inc., WSI Corporation, and Jupiter Systems Corporation.

He is concurrently an Independent Director of Alphaland Corporation, Glacier Megafridge, EEI Corporation, APO Agua Infraestructura Inc., Philequity Management Inc., Vantage Financial Corporation (formerly E-business Services, Inc.), Vantage Equities Inc. and AIA Philippines. He also serves as Board Member of The Manila Symphony Orchestra since 2009.

He received his MBA from the Wharton School of the University of Pennsylvania in 1983 and his Bachelor of Arts in Economics (Honors Program) Summa Cum Laude from De La Salle University in 1978.

HANS B. SICAT, Director

Hans B. Sicat, Filipino, 62 years old, is the former Country Manager and Head of Clients of ING Bank N.V. Manila, Philippines. He joined ING in August 2017 as Managing Director. He is also President of the Investment House Association of the Philippines.

A trained mathematician and economist, Mr. Sicat has been involved with the global capital market for about three decades. He was a member of the PSE Board of Directors from 2018-2019; he was also the Chairman of the Risk Management Committee of the Bankers Association of the Philippines, during the period he was a Board Director from March 2018 to March 2019. Mr. Sicat was the PSE CEO since 2011, making him the longest-serving CEO of the Exchange. He also served as PSE Chairman & Independent Director for about 18 months since 2009 while concurrently President and CEO of the Securities Clearing Corporation of the Philippines, a subsidiary of the PSE.

For over two decades, he was an investment banker with Citigroup and its predecessor firms (Salomon Brothers & Citicorp Securities) in various roles in New York, Hong Kong, and the Philippines.

Mr. Sicat finished his coursework for a PhD in Economics at the University of Pennsylvania, and earned his Master of Arts in Economics and Bachelor of Science in Mathematics at the University of the Philippines. He was conferred an Honorary Doctorate Degree in Business Administration by the Western University of Thailand.

STEPHEN ANTHONY T. CUUNJIENG, *Independent Director*

Mr. CuUnjieng, Filipino, 63 years old, was elected Independent Director on July 1, 2022. He concurrently serves as an Independent Director of First Philippine Holdings Corporation since 2018. He is also an Independent Director at Century Properties Group, Golden Springs (Singapore) and a Director of Phoenix Petroleum PH Inc. He is part of the Executive Advisory Board for Asia of the Wharton School of Business and the International Advisory Board of the New York Philharmonic.

He was a Senior Managing Director at Evercore and Chairman at Evercore Asia Limited from 2009 to 2022. He was previously an Independent Director of Aboitiz Equity Ventures (2010 to 2018), an Adviser to the Board of SM Investments Corporation (2008-2017) and Director of Manila North Tollways Corporation (2008-2013). He was Vice Chairman, ASEAN of Macquarie (Hong Kong) Limited from 2007 to 2009.

Mr. CuUnjieng holds a degree in Bachelor of Arts (1980) and also has a Bachelor's Degree in Law (with honors) (1984) from the Ateneo de Manila University and the Ateneo Law School. He also has a Master's Degree in Business Administration (Finance) from Wharton School of Business (1986).

CONRADO A. GLORIA, JR., *Independent Director*

Mr. Gloria, Filipino, 63 years old, was elected Independent Director on June 4, 2019. He currently holds the positions of President & CEO of GIV Capital Holdings Corporation and Corporate Secretary of Miguel and Maria Group of Restaurants, Inc. Mr. Gloria is an Independent Director of PBCOM Insurance Services Agency, Inc. and Scheirman Construction Consolidated Inc.

In the past, he served as President & COO of Investment & Capital Corporation of the Philippines, Executive Vice President and Managing Director of SB Capital Investment Corporation, President of SB Equities, Inc., Senior Vice President of Southeast Asia Cement Holdings Inc. and Senior Finance Officer of International Finance Corporation.

Mr. Gloria obtained his Bachelor of Arts in Economics at the University of the Philippines and his Master's in Business Administration at the Asian Institute of Management.

TERESITA J. HERBOSA, *Independent Director*

Ms. Herbosa, Filipino, 71 years old, was elected as Independent Director on November 2, 2022. She currently serves as a Director of the Board of Telecommunications Connectivity, Inc., and also sits as an Independent Director of mutual fund companies under the Sunlife Group: Sunlife of Canada Prosperity Bond Fund, Inc., Sunlife Prosperity Peso Starter Fund, Inc., Sunlife Prosperity Dollar Starter Fund, Inc., Sunlife Prosperity Peso Voyager Feeder Fund Inc., Sunlife Prosperity World Income Fund, Inc., Sunlife Prosperity Achiever Fund 2028, Inc., and Sunlife Prosperity Achiever Fund 2038, Inc. She is also an Independent Director of Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation.

Ms. Herbosa is likewise a trustee of the CHS Alumnae Foundation Inc. and a law professor at the DLSU College of Law (Rufino Campus) and Lyceum Makati. She is the former Chairperson of the Philippine Securities and Exchange Commission or SEC from April 2011 up to June 2018.

Prior to government service, Ms. Herbosa was with Angara Abello Concepcion Regala & Cruz Law Offices (“ACCRALAW”) where she headed its prestigious Litigation and Dispute Resolution Department for more than 10 years during which it was consistently recognized as the best in that area of practice. She retired from ACCRALAW in 2011 as a Senior Partner/Co-Managing Partner.

Ms. Herbosa finished AB Political Science cum laude at the University of the Philippines (UP) Diliman, and Bachelor of Laws cum laude and class salutatorian from the UP College of Law. She has a master’s degree from the University of Michigan.

EMMANUEL Y. MENDOZA, *Independent Director*

Mr. Mendoza, Filipino, 58 years old, was elected Independent Director on December 19, 2014. He is currently the Managing Partner of Mendoza Querido & Co., and President of MQ Agri Unlimited Inc. He is also an Independent Director of Medicaid Philippines, Inc. and a Director of Makati Sports Club, Inc.

He obtained his Bachelor in Business Administration in Accountancy at the University of the Philippines and a Master in Management at the Asian Institute of Management. Mr. Mendoza is a Certified Public Accountant.

GILDA E. PICO, *Independent Director*

Ms. Pico, Filipino, 76 years old, was elected Independent Director on February 22, 2017. She is currently Chairman of the Board of Producers Savings Bank Corporation. Ms. Pico is also connected with Marinor Development Corporation as Director/Treasurer, Gilart Holdings Corporation as President and PayMaya Philippines as Independent Director.

In the past, Ms. Pico was President and CEO of Land Bank of the Philippines from November 2006 to July 2016. She was Land Bank’s Acting President from July 2005 to November 2006 and Trustee of Land Bank Countryside Development Fund from 2005 to 2015. She also served as Chairman/Director in various government and private institutions engaged in leasing, realty, insurance, guarantees, microfinancing, rural and development banking from 1985 to 2016 such as LBP Insurance Brokerage, Inc., LBP Leasing and Finance Corporation, Landbank Realty Corp., Masaganang Sakahan, Inc., National Livelihood Development Corporation, Peoples Credit and Finance Corporation, Philippine Crop Insurance Corporation, among others.

Ms. Pico obtained her Bachelor of Science Degree in Commerce in 1966 from the College of the Holy Spirit where she graduated Magna Cum Laude and earned units in Masters in Business Administration from the University of the East. Ms. Pico is a Certified Public Accountant.

Independent Directors

As approved by the Board of Directors, the procedure for the nomination of independent directors shall be as follows:

The nomination of independent directors shall be conducted by the Nominations Committee prior to the Annual Meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the nominees for election. The Nominations Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.

After the nomination, the Nominations Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required by existing and applicable rules, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the information statement, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relation with the nominee.

Only nominees whose names appear on the final list of candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

All nominees, Messrs. Stephen Anthony T. CuUnjieng, Conrado A. Gloria, Jr., Emmanuel Y. Mendoza, Mmes. Teresita J. Herbosa, and Gilda E. Pico do not have a relationship with the Bank which would interfere with the exercise of independent judgment in carrying out responsibilities of a director. None of them are related to any of the directors or officers of the Company.

The Chairman of the Bank, Mr. Eric O. Recto, has recommended the nominations of Messrs. Stephen Anthony T. CuUnjieng, Conrado A. Gloria, Jr., Emmanuel Y. Mendoza, Mmes. Teresita J. Herbosa and Gilda E. Pico as independent directors for the ensuing year. Mr. Recto is not related to any of the mentioned nominees.

The Nominations Committee has taken into consideration the qualifications to be an Independent Director. Attached as **Annexes "B", "C", "D", "E", and "F"** are the Certificates of the Qualifications of the Nominees for Independent Directors. The Nominations Committee is composed of Ms. Gilda E. Pico (Chairperson), Messrs. Eric O. Recto, Leonardo B. Dayao and Conrado A. Gloria, Jr. and Stephen Anthony T. CuUnjieng.

EXECUTIVE OFFICERS

JOHN HOWARD D. MEDINA, *Executive Vice President and Chief Operations Officer*

Mr. Medina, Filipino, 53 years old, joined PBCOM in 2017 and has over 25 years of experience in the banking industry as a senior executive in the Philippines and as an adviser to large banks in the United States. Mr. Medina obtained his Bachelor of Science in Industrial Engineering degree from the University of the Philippines, Diliman and Master of Business Administration degree from the Shidler College of Business at the University of Hawai'i at Manoa. He was also awarded Graduate Certificates in Leadership from The East–West Center, International Management from the Pacific Asian Management Institute, and European Management from the European Summer School for Advanced Management held in Marseilles, France.

ALAN E. ATIENZA, *Executive Vice President – Treasurer*

Mr. Atienza, Filipino, 52 years old, joined PBCOM in 2015 and has over 25 years of banking experience in Trading and Treasury Operations. He has been a recipient of numerous industry awards for Fixed Income Trading and has been a board member of Money Market Association of the Philippines (MART). Mr. Atienza obtained both his Bachelor of Arts in Economics and his Master of Business Administration degree from San Sebastian College.

VICTOR O. MARTINEZ, *Executive Vice President – Corporate and Commercial Banking Group Head*

Mr. Martinez, 57 years old, joined PBCOM in 2020 and has over 26 years of experience in the banking industry in the area of Institutional, Corporate and Commercial Banking covering industries in real estate, telcos, logistics, coal-fired & renewable energy power generation, power distribution, construction, gaming & entertainment. Mr. Martinez graduated from DLSU with a BS degree in Commerce, major in Management of Financial Institutions and from the Atkinson Graduate School of Management of Willamette University with a Masters degree in Management, major in Finance.

ARLENE M. DATU, *Senior Vice President – Comptroller*

Ms. Datu, Filipino, 64 years old, joined PBCOM in 2013 and has over 38 years of banking experience gained from Local and Foreign Banks as well as a Credit Card Company. She has extensive exposure on Financial Accounting, Management Profitability Reporting and Analysis, Regulatory Compliance, Operations, Risk and Audit. Ms. Datu obtained her Bachelor of Science major in Accounting from Polytechnic University of the Philippines.

EXPEDITO G. GARCIA, *Senior Vice President – Transaction Banking Group*

Mr. Garcia, Filipino, 55 years old, joined PBCOM in 2015 with over 29 years of extensive Management and Banking experience, with the last 18 years spent in a senior supervisory role. He has strong background in Corporate Cash Management and Managing and Developing Electronic Banking Channels with exposure to both corporate and retail markets. Mr. Garcia, obtained both his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering and Master's Degree in Business Administration from De La Salle University. He also holds a Certificate in International Cash Management from the Association of Corporate Treasurers, United Kingdom.

ERICO C. INDITA, *Senior Vice President – Branch Banking Group*

Mr. Indita, 54 years old, joined the Bank in 2020 with over 26 years of banking experience particularly in Retail Banking. He obtained his Bachelor of Science degree in Commerce, major in Management, from San Beda College & his MBA from the Ateneo Graduate School of Business.

JANE LIM-LARAGAN, *Senior Vice President – General Services Group*

Atty. Laragan, Filipino, 55 years old, joined PBCOM in 2016 and has 20 years of experience in various Department: Legal, Human Resources, General Services, Compliance and Risk. Atty. Laragan obtained her Bachelor's Degree in Commerce Major in Economics, and Bachelors Degree in Law from the University of Santo Tomas.

JERUEL N. LOBIEN, *Senior Vice President – Chief Audit Executive*

Mr. Lobien, Filipino, 45 years old, joined the Bank in 2014 with more than 8 years of banking experience and 6 years of auditing/internal audit work. He completed his Executive Masters in Business Management at AIM and graduated from UP with a BS in Business Administration & Accountancy (cum laude). He also has a Certification on Control Self-Assessment, Is a Certified Internal Auditor and a Certified Public Accountant.

MINA F. MARTINEZ, *Senior Vice President – Human Resources Group Head*

Ms. Martinez, Filipino, 60 years old, joined PBCOM in 2015 with more than 20 years of experience in HR, specializing in employee relations, counseling, performance management, benefits and compensation administration, policy development and documentation, motivation, organization and

leadership. She has a Bachelor of Arts degree, major in Mass Communications from the Far Eastern University.

GREG L. ROMERO, *Senior Vice President and Chief Information Officer and Information Technology Group*

Mr. Romero, 55 years old, joined PBCOM on March 20, 2023 with 35 years of IT experience developing and managing key operational aspects of IT infrastructure including strategies, data center management, network administration, project management, budget and cost accounting, digital solutions service delivery. Mr. Romero graduated from Ateneo de Manila University with a BS Math degree in Computer Sciences.

MICHAEL STEPHEN H. LAO, *Corporate Secretary and Corporate Information Officer*

Atty. Lao, Filipino, 39 years old, was elected Corporate Secretary on June 4, 2019. He is concurrently the Bank's Corporate Information Officer which he holds since November 30, 2014. Atty. Lao was the Bank's Assistant Corporate Secretary from November 30, 2014 up to his election as Corporate Secretary. He is currently a Partner at Zambrano Gruba Caganda and Advincula Law Offices. Atty. Lao received his Bachelor of Science degree in Business Administration from College of Saint Benilde and his Juris Doctor degree from Ateneo de Manila School of Law in 2012. He was admitted to the Philippine Bar in 2013.

Attached is a certification that the abovementioned Directors and Executive Officers are not presently connected with any government agency or government-owned or controlled corporation (Annex "G").

Directorships in Other Reporting Companies

- Mr. Eric O. Recto is also a Director of Atok-Big Wedge Co. Inc. and Aboitiz Power Corporation
- Mr. Leonardo B. Dayao is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.
- Mr. Lucio L. Co is also a Director of Puregold Price Club, Inc., Cosco Capital, Inc., and The Keepers Holdings, Inc. (formerly Da Vinci Capital Holdings, Inc).
- Ms. Susan P. Co is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.
- Mr. Levi B. Labra is also a Director of Cosco Capital, Inc.
- Mr. Gregorio T. Yu is also a Director of Vantage Equities, Inc.
- Mr. Jack Ekian T. Huang is also a Director of Puregold Price Club, Inc.
- Mr. Stephen Anthony T. CuUnjieng is also a Director of First Philippine Holdings Corporation, Century Properties Group and Phoenix Petroleum Philippines, Inc.
- Mr. Hans B. Sicat is also an Independent Director of Arthaland Corporation.

Shares of Atok-Big Wedge Co., Inc. (AB), Aboitiz Power Corporation (AP), Puregold Price Club, Inc. (PGOLD), Cosco Capital, Inc. (COSCO), Keepers Holdings, Inc. (KEEPR) (formerly Da Vinci Capital Holdings, Inc.), Vantage Equities, Inc. (V), First Philippine Holdings Corporation (FPH), Century Properties Group (CPG), Phoenix Petroleum Philippines, Inc. (PNX), and Arthaland Corporation (ALCO) are all listed in the Philippine Stock Exchange, Inc.

Significant Employee

There is none to disclose. The Bank currently does not employ any person who is not an executive officer but makes a significant contribution to the business.

Family Relationships

Mr. Lucio L. Co and Ms. Susan P. Co are husband and wife. Michael Stephen H. Lao, Corporate Secretary, is the son-in-law of Mr. and Mrs. Lucio Co. Other than the foregoing, the persons

nominated or chosen by the Bank to become directors or executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

To the best of the knowledge of management, the Bank is not aware of:

- any bankruptcy petition filed by or against any business of which they are incumbent directors or senior officers was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent directors or executive officers;
- any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of the incumbent directors or executive officers in any type of business, securities, commodities or banking activities; and
- any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization that any of the incumbent directors or executive officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which may have a material effect in the operations and deter, bar or impede the fulfillment of his/ her duties as a director or executive officer of the Bank.

Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Bank's transactions with related parties include key management personnel, affiliates (i.e. entities which are controlled), significantly influenced by or for which significant voting power is held by the Bank or key management personnel or their close family members and retirement plan for the benefit of the Bank's employee). These transactions are made in the ordinary course of business and on substantially same terms with that of other parties.

The Bank's related party transactions below are also presented and discussed in details in the Audited Financial Statements. *(Note 31 of 2022 AFS, page 107)*

Related Party	Transaction with the Bank
Post-retirement Plan	The Bank's Retirement Board approves the investment made in the retirement plan. Trust fee income from such service and total deposits maintained with the Bank in 2022 amounted to ₱2.74 Million and ₱42.50 Million, respectively, while interest expenses paid by the Bank to the deposits was ₱0.31 Million.
Provident Fund	Outstanding deposit and interest paid by the Bank as of year-end were ₱25.82 Million and ₱0.16 Million, respectively, while trust fees earned from such service amounted to ₱2.25 Million.
Key Management Personnel	Senior Management Team constitutes key management personnel for purposes of PAS 24. Short-term benefits and post-employment benefits given to SMT in 2022 amounted to ₱150.51 Million and ₱6.34 Million, respectively. The year-end balance of deposits and interest expenses paid by the Bank amounted to ₱41.22 Million and ₱0.05 Million, respectively.
Affiliate	The year-end balance of deposits and interest expenses incurred by the Bank amounted to ₱17.99 Million and ₱0.06 Million, respectively. Rental income earned for the year is ₱0.15 Million.
Subsidiary	The year-end balance of deposits with the Bank amounted to ₱8.9 Million.

Significant Investors	The year-end balance of deposits and interest expenses incurred by the Bank amounted to ₱11.27 Billion and ₱34.98 Million, respectively. Rental income during the year amounted to ₱3.95 Million, and rent-related depreciation and interest expense were ₱25.09 Million and ₱3.27 Million, respectively. Outstanding balance on loans and receivables is ₱464.53 Million.
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As required by BSP, the Bank discloses loans transactions with certain directors, officers, shareholders and their related interests (“DOSRI”) in the ordinary course of business, under commercial terms and on an arm’s length basis observing at all times the legal limits prescribed under current BSP regulations on DOSRI loans. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the lower of the Bank’s total unimpaired capital or 15% of the total loan portfolio. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations. As of December 31, 2022 the Bank is in compliance with such regulations.

Compensation of Directors and Executive Officers

Since the Bank obtained an exemption from the SEC to disclose the required detailed compensation information, disclosure of aggregate compensation paid or accrued during the last three fiscal years 2020 to 2022 of the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows:

	2022	2021	2020
CEO and four most highly compensated Executive officers	Patricia May T. Siy President & CEO	Patricia May T. Siy President & CEO	Patricia May T. Siy President & CEO
	John Howard D. Medina Executive Vice President	John Howard D. Medina Executive Vice President	John Howard D. Medina Executive Vice President
	Alan E. Atienza Executive Vice President	Alan E. Atienza Executive Vice President	Alan E. Atienza Executive Vice President
	Victor O. Martinez Executive Vice President	Victor O. Martinez Executive Vice President	Victor O. Martinez Executive Vice President
	Arlene M. Datu Senior Vice President	Arlene M. Datu Senior Vice President	Arlene M. Datu Senior Vice President
Salary			
Bonus	₱64,465	₱60,175	₱50,719
Other Annual Compensation	21,488	20,258	18,685
TOTAL	₱85,953	₱80,433	₱69,404

All officers and directors as Group Unnamed			
Salary			
Bonus	₱648,154	₱624,600	₱621,114
Other Annual Compensation	216,051	193,915	192,947
TOTAL	₱864,205	₱818,515	₱814,061

The following is the estimated annual compensation for year 2023:

	Salary	Bonus	Other Annual Compensation	Total
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Total of CEO and Four most highly compensated Executive Officers	₱65,754	₱21,918	none	₱87,672
All officers as a group unnamed	661,117	220,372	none	881,489

The director's per diem amounted to ₱12.98 Million, ₱13.36 Million and ₱12.43 Million, as of December 31, 2022, 2021 and 2020 respectively.

Each member of the Board of Directors received the following per diems for the year 2022:

Name of Director	Amount (Php)	Remarks
Bautista, Jaime J.	970,000.00	Resigned - 29 June 2022
Cokeng, Robert Y.	1,482,500.00	Up to 26 December 2022 (untimely demise)
Gloria, Conrado, Jr. A.	1,547,500.00	
Huang, Jack Ekian T.	1,412,500.00	
Labra, Levi B.	1,427,500.00	
Laguesma, Bienvenido E.	775,000.00	Resigned – 14 June 2022
Mendoza, Emmanuel Y.	1,475,000.00	
Pico, Gilda E.	1,550,000.00	
CuUnjieng, Stephen Anthony	692,500.00	Elected - 1 July 2022
Herbosa, Teresita J.	245,000.00	Elected – 2 November 2022
Yu, Gregorio T.	1,400,000.00	
Total	12,977,500.00	

The five (5) Independent and four (4) other regular Directors are entitled to per diems for attending Board meetings. The remaining six (6) Directors have waived their right to receive per diems. As stipulated in the By-laws, Directors are also entitled to share in the net profits to be distributed in such manner as the Board may provide but not exceeding four (4) percent.

There are no other terms and conditions with regard to employment contract between PBCOM and named Executive Officers or any other more compensatory plans or arrangement except those disclosed above.

There are no Outstanding Warrants or Options held by the Directors, Officers as of December 31, 2022.

The Bank has no record of adjusting or amending the exercise price of stock warrants previously awarded to any of the officers and directors.

Independent Public Accountant

The accounting firm of Sycip, Gorres, Velayo and Co. (“SGV”), with address at SGV Building, 6760 Ayala Avenue, Makati City, has been the Bank's independent public accountants for the past years. The same accounting firm will likely be recommended for re-election at the scheduled annual meeting this year. Mr. Ray Francis C. Balagtas was assigned partner starting in 2019 in compliance with SRC 68(3)(b)(ix).

SGV is expected to be represented in the coming Annual Stockholders' Meeting with an opportunity to make statements, if they so desire, and will be available to respond to appropriate questions.

There is no disagreement with the Bank's accountants on matters of accounting and financial disclosure. The aggregate external audit fees billed for each of the last three (3) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditors are as follows:

Fiscal Year	Audit Fees	All other fees
2022	₱5,256	
2021	₱4,721	
2020	₱3,943	

The above audit fees are inclusive of the following: (a) Other assurance related services by the External Auditor that are reasonably related to the performance of the audit or review of the Bank's financial statements and (b) All Other Fees. Fees paid to professional partnerships like SGV are not subject to withholding tax.

The Audit Committee is directly responsible in selecting and appointing the independent public accountants. Annually, the Committee recommends that the Board request shareholder ratification of the appointment of the independent public accountants. The Committee is also responsible for setting the compensation of the independent public accountants and periodically reviews the fees charged for all permitted audit-related expenses and other services. It is also their responsibility to evaluate and, when appropriate, to remove the independent public accountants.

At present, the Audit Committee is composed of: Emmanuel Y. Mendoza as Chairman with Gilda E. Pico and Teresita J. Herbosa as members.

Compensation Plans

No action pertaining to any plan involving the payment or distribution of cash or non-cash compensation will be taken during the Annual Meeting.

Action with Respect to Reports

The stockholders will be asked to approve or ratify during the Annual Stockholders Meeting the following matters:

1. Review and approval of the Minutes of the Previous Meeting held on 7 June 2022 (copy attached as **Annex "H"**) covering the following matters:
 - a. Certification of Notice and Quorum
 - b. Approval of Minutes of Previous Stockholders' Meetings Held on 15 June 2021 (Annual Meeting) and 15 March 2022 (Special Meeting)
 - c. Annual Report of Management and Approval of the Audited Financial Statements for 2021
 - d. Ratification of the Acts of the Board of Directors and Management since the last Annual Meeting of Stockholders
 - e. Election of Directors
 - f. Appointment of External Auditors
 - g. Discussion of Reports and Other Matters

Prior to adjournment, the Chairman opened the floor for discussion with the stockholders present, and asked the Secretary of the meeting if there were questions submitted. The Secretary informed the Chairman that no questions have been submitted by the stockholders, and that participating stockholders are given the opportunity to submit questions or remarks via the livestream portal

by using the ‘Q&A’ button found at the bottom of their screens. Stockholders may also send questions and/or remarks in advance or during the meeting to the Corporate Secretary at CorporateSecretary@pbcom.com.ph

There are no other items submitted for approval or consideration, other than those required in the ordinary course of business that requires approval or presentation to the shareholders of the Bank.

Amendment of Charter, By Laws and Other Documents

Amendments to the By-Laws to align certain provisions with the Revised Corporation Code

	Ref.	Old Provision	Proposed Revision	Remarks
1.	Article II, Section 6	“6. Special Meeting – Special meetings of the stockholders may be called by a majority of the members of the Board or by the Chairman or on demand of the stockholders holding at least (30%) percent of the outstanding capital stock.”	“6. Special Meeting – Special meetings of the stockholders may be called by a majority of the members of the Board or by the Chairman or on demand of the stockholders holding at least <u>ten percent (10%) or more</u> of the outstanding capital stock, <u>subject to the guidelines set under applicable laws and regulations.</u> ” (As amended on June 13, 2023)	To align the minority threshold with SEC Memorandum Circular No. 7, Series of 2021.
2.	Article II, Section 7	“Sec. 7 Notice of Meetings – Notice of meeting, written or printed for every regular or special meeting of the stockholders shall be prepared and sent to each stockholders at his last address registered in the books of the Bank by registered mail, postage prepaid, at least two (2) weeks before the date of meeting, provided, however, that if the registered address of the shareholder be outside of the Philippines, notice shall be dispatched by registered airmail, provided, further that such notice may be waived in writing by the stockholders.”	“Sec. 7 Notice of Meetings – Notice of meeting, written or printed for every regular or special meeting of the stockholders shall be prepared and sent to each stockholder at his last address registered in the books of the Bank by registered mail, postage prepaid, <u>through electronic email, or such other manner as the prevailing laws and regulations shall allow,</u> at least <u>twenty-one (21) calendar days</u> before the date of meeting, provided, however, that if the registered address of the shareholder be outside of the Philippines, notice shall be dispatched by registered airmail, provided, further that such notice may be waived in writing by the stockholders.” (As amended on June 13, 2023)	To align the notice period with SEC Memorandum Circular No. 3, Series of 2020.
3.	Article III, Section 2	“2. Vacancies of the Board – Any vacancy in the Board of Directors shall be filled by the vote of majority of remaining directors if constituting a quorum and the director or directors chosen shall serve only for the unexpired portion of the term. Whether any such vacancy shall be filled or not shall be left to the discretion of the Board of Directors. Should vacancies occur reducing the number of directors to less than a quorum, the vacancies shall be filled by election by the	“2. Vacancies of the Board – Any vacancy in the Board of Directors <u>other than by removal or by expiration of term may</u> be filled by the vote of majority of remaining directors if constituting a quorum and the director or directors chosen shall serve only for the unexpired portion of the term. Should vacancies occur reducing the number of directors to less than a quorum, the vacancies shall be filled by election by the stockholders owning and/or representing at least majority of the outstanding capital stock at a <u>regular</u>	To align the vacancy provision with Section 28 of the Revised Corporation Code (RCC).

		stockholders owning and/or representing at least majority of the outstanding capital stock at a special meeting called for the purpose.”	or special meeting called for the purpose.” (As amended on June 13, 2023)	
4.	Article III, Section 5	“5. Special Meeting – Special meeting of the Board of Directors shall likewise be held in the Philippines and may be called by the Chairman <i>motu proprio</i> or at the written request of any four (4) members of the Board. Notice for such special meeting shall be sent by the Secretary to the directors at their registered addresses in such manner that it shall be received by them not less than twenty-four (24) hours previous to the hour set for the meeting. Notice of the meeting may be waived in writing.”	“5. Special Meeting – Special meeting of the Board of Directors shall likewise be held in the Philippines and may be called by the Chairman <i>motu proprio</i> or at the written request of any four (4) members of the Board. Notice for such special meeting shall be sent by the Secretary to the directors at their registered addresses in such manner that it shall be received by them at least two (2) days prior to the scheduled meeting. Notice of the meeting may be waived in writing.” (As amended on June 13, 2023)	To align the notice period with Section 52 of the RCC.
5.	Article III, Section 7	7. COMPENSATION – No director, acting as such, shall receive any compensation, but every director shall receive a reasonable “ <i>per diem</i> ” for every attendance at any meeting, regular or special, of the Board of Directors, for each day of session, in an amount as the Board of Directors may from time to time provide, without prejudice to Article VIII, 3(a) hereof provided, however that nothing herein contained shall be construed to preclude any director from serving in any other capacity and receiving compensation thereof. (As amended on April 29, 2004 and June 3, 2004 by majority of the Board of Directors and on July 15, 2004 by the stockholders representing at least 2/3 of the outstanding capital stock)	7. COMPENSATION – No director, acting as such, shall receive any compensation, but every director shall receive a reasonable “ <i>per diem</i> ” for every attendance at any meeting, regular or special, of the Board of Directors, for each day of session, in an amount as the Board of Directors may from time to time provide, without prejudice to Article XIII, 3(a) hereof provided, however that nothing herein contained shall be construed to preclude any director from serving in any other capacity and receiving compensation thereof. (As amended on June 13, 2023)	Renumbering of referenced provision for distribution of net earnings.

Other Matters

The following is a summary of the acts of Management since the last Annual Meeting in 2022 to date which will be submitted for ratification to the stockholders during the coming Annual Meeting:

Date	Particulars
6-7-2022	Results of the Annual Stockholders’ Meeting on June 7, 2022.
6-7-2022	Results of the Organizational Meeting of the Board of Directors on June 7, 2022.

6-29-2022	Resignations of Mr. Bienvenido E. Laguesma as Independent Director effective June 14, 2022 and Mr. Jaime J. Bautista effective June 29, 2022 and the election of Mr. Stephen Anthony T. CuUnjieng as Independent Director effective July 1, 2022. Mr. CuUnjieng shall serve the unexpired term of former Director, Mr. Bienvenido E. Laguesma.
7-27-2022	Board Committees' Reorganization
8-9-2022	PBCOM Consent to Publish Personal and Sensitive Personal Information of the Principal Officers of the Bank indicated in the Statement of Condition
8-9-2022	Statement of Condition as of June 30, 2022
8-22-2022	SEC's approval of Amended Articles of Incorporation with attached Certificate and Amended AOI
9-8-2022	SEC Certificate of Filing of Amended By-Laws dated September 6, 2022 approving the amendments.
9-28-2022	PBCOM to enter into an insurance distributorship partnership with Etiqa Life and General Assurance Philippines, Inc.
10-18-2022	PBCOM signs Insurance Distributorship Agreement with Etiqa Life and General Assurance Philippines, Inc. PBCOM signs Insurance Distributorship Agreement with Etiqa Life and General Assurance Philippines, Inc.
8-27-2022	Election of Ms. Teresita J. Herbosa as Independent Director effective November 2, 2022 to serve the unexpired term of former Director, Mr. Jaime J. Bautista.
11-10-2022	PBCOM Secures a Universal Bank License
11-16-2022	Press Release for the upgrade of PBCOM's License to a Universal Bank.
11-21-2022	Statement of Condition as of September 30, 2022.
12-28-2022	Demise of Director Robert Y. Cokeng on 26 December 2022
1-5-2023	Board Attendance for 2022
2-3-2023	Statement of Condition as of 12-31-2022
2-22-2023	Appointment of Greg L. Romero as Senior Vice President, Chief Information Officer and ITG Head
3-29-2023	Schedule of Annual Stockholders' Meeting – June 13, 2023 (Tuesday) 9:00 A.M. to 10:A.M.
4-18-2023	PBCOM registered a modest income growth despite challenging economic conditions

Voting Procedures

The vote required for acts requiring stockholders' approval is at least a majority of the outstanding capital stock.

In the election of directors, the fifteen (15) nominees with the greatest number of votes will be elected directors.

Every stockholder is entitled to one vote. However, with respect to the election of directors, the stockholders 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, or he may 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 number of directors to be elected.

Shareholders who are unable to attend the meeting may choose to execute a proxy form or vote electronically *in absentia* using the Bank's online web address at <https://www.pbcom.com.ph/>. A stockholder who votes *in absentia* shall be deemed present for purposes of quorum. The requirements and procedures for voting in absentia and participation through remote communication are set forth under **Annex "A"** of this Information Statement.

Proxies must be submitted to the Corporate Secretary not later than 5:00 p.m. on or before 30 May 2023.

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Revised Corporation Code of the Philippines. Counting will be done by tabulation of the votes by the Corporate Secretary with the assistance of his staff and the stock and transfer agent.

Corporate Governance

PBCOM Board of Directors and Management, employees and shareholders, believe that Corporate Governance is a necessary component of what constitutes sound strategic business management. Thus, the Bank has undertaken every effort necessary to create awareness for this within the organization.

All Directors and Senior Management are required to attend its annual continuing education program on Corporate Governance and Risk Awareness which shall be conducted by a private or government institution duly recognized/accredited by the BSP. Training of directors include an orientation program on Corporate Governance (conducted by training providers duly accredited by the SEC) for first-time directors for at least eight (8) hours and annual continuing training for at least four (4) hours for all directors and key officers including the Corporate Secretary and Chief Compliance Officer. However, due to the Covid - 19 Pandemic the scheduled 2022 Corporate Governance Seminar for Directors and Senior Management was cancelled.

The Board, Senior Management and all employees conduct themselves with utmost honesty and integrity in the discharge of their duties, functions and responsibilities, thus nurturing the continuing success of the Bank and securing its competitiveness in the best interest of the Bank, its shareholders and other stakeholders. Bank Officers promote the good governance practices within the Bank by ensuring that policies on governance are consistently adopted across the organization, with measurable standards, initiatives and specific responsibilities and accountabilities for each personnel.

Consistent with the global practices of good Corporate Governance, the Bank's overriding commitment to a culture of good governance is seen through the following underlying principles:

1. It is the Bank's objective to enhance shareholders' value by making the most efficient use of resources. Its human capital strategy is one of its vital focus areas, as it is a principal indicator for the company's success.
2. The Board of Directors constitutes Board Committee namely: Governance, Audit, Risk Oversight and Related Party Transactions Committees which are all chaired by Independent Directors and composed of majority of Independent Directors, all of whom have a good understanding of the business.
3. The Governance Committee is responsible for ensuring the Board's effectiveness and due observance of Corporate Governance principles and guidelines. They assist the Board of Directors in fulfilling its corporate governance responsibilities. Attached are the 2022 Summary of the Performance Evaluation of the Board and Board Committees (**Annex "I"**) and the Attendance of the Board of Directors in the 2022 Annual and Special Stockholders' Meetings and in the Board and Board Committee Meetings (**Annex "I-A"**).
4. The Governance Committee, through its Nominations Sub-Committee, ensures the quality of its leadership, consistent with its "fit and proper" rule when selecting its Directors and

Senior Management Team, while the Performance Evaluation Sub-Committee, recommends and oversees the implementation of a Performance Management Process for Senior Management and the Members of the Board, review performance vis-a-vis agreed upon objectives, evaluate progress made with respect to Senior Management Directors Development plans, monitor changes in professional affiliations, personal status even health, which could have qualifications, resignation and succession implications.

5. Transparency in its Annual Reports is ensured and reflects true and fair accounting information prepared in accordance with applicable standards; disclose and discuss all material risks; and disclose and explain the rationale for all material estimates. Disclosures are all completed in a timely manner.
6. To ensure that all act in the best interest of the Bank, full disclosure by its Directors, Officers and Employees on any actual or expected conflict of interest is required
7. The Bank's Corporate Governance Manual, Code of Ethics and Code of Conduct clearly states Management's philosophy and compliance standards.

Annually, the Bank through the Governance Committee reviews the Corporate Governance Manual and recommends changes/amendments/revisions for the approval of the Board of Directors when and where necessary.

In addition, to promote a strong governance culture and transparency, the Bank's compliance with the Code of Corporate Governance are disclosed in the Integrated Annual Corporate Governance Report.

FINANCIAL AND OTHER INFORMATION

Financial Statements

Copies of the audited financial statements for the period ended December 31, 2022 shall be made available to the stockholders in the Bank's website at <https://www.pbcom.com.ph/>.

Item I – The Company

Philippine Bank of Communications ("PBCOM" or the "Bank") was incorporated as one of the earliest non-American foreign banks in the country on August 23, 1939. It received the authority to engage in commercial banking from the then Bureau of Banking of the Department of Finance under the Philippine Commonwealth, with a capitalization of Two Million Pesos. The Bank commenced operations on September 4, 1939. However, its operations were temporarily interrupted during World War II, but were immediately reconstituted in 1945 through the infusion of fresh funds. The Bank started under full Filipino ownership in 1974 when a group of industrialists led by Ralph Nubla, Sr. bought majority of the Bank's outstanding shares.

The Bank is a registered government securities dealer, having been granted the license on December 14, 1981. It also has a Trust license which was approved on August 24, 1961.

PBCOM acquired a license to operate as an expanded commercial bank from the *Bangko Sentral ng Pilipinas* ("Bangko Sentral" or "BSP") on December 24, 1993 and operated as such until the year 2000. In order to focus on its core strengths and maximize utilization of available resources, the Bank applied for the conversion of its expanded commercial bank license into a regular commercial banking license which was approved by the Monetary Board of the BSP on March 31, 2000. PBCOM had since opted to capitalize on its core strength by focusing on and pursuing traditional commercial banking operations. In December 2000, the Bank acquired 100% of Consumer Savings Bank as part of its strategy to expand its consumer banking business.

On July 26 2011, the major shareholders of the Bank, namely the Chung, Luy, and Nubla Groups, signed a Memorandum of Agreement (MOA) with a group of investors led by ISM Communications Corporation (the "ISM Group"), involving the sale of their entire stake in the Bank to the ISM Group and the commitment of the Chung and Nubla groups to reinvest the proceeds of the sale of their respective shares amounting to approximately ₱2.8 Billion in the Bank.

On October 13, 2011, the Monetary Board approved the acquisition of PBCOM by the ISM Group.

On December 23, 2011, the acquisition by the ISM Group of a controlling interest in the Bank was successfully transacted through the facilities of the Philippine Stock Exchange.

On December 27, 2011, the Chung and Nubla Groups reinvested ₱2.4 Billion as deposits for future subscription of PBCOM shares of stock. Another ₱0.4 Billion was deposited in March 2012 and additional ₱22 Million in April 2012 to complete their commitment of approximately ₱2.8 Billion.

On May 31, 2012, the LFM Properties Group deposited ₱0.72 Billion for future subscription to PBCOM shares of stock. Another ₱30 Million was deposited by the LFM Properties Group on October 24, 2012.

On February 8, 2013, BSP issued a Certificate of Authority to the Bank for it to register its Amended Articles of Incorporation and Amended By-Laws with the SEC.

On March 8, 2013, the Bank obtained approval from SEC for a quasi-reorganization and an increase in authorized capital stock. The Articles of Incorporation was amended to implement the following:

- a. Reclassification of Bank's existing 120,000,000 preferred shares to common shares;

- b. Reduction of the par value of all its common shares from ₱100 per share to ₱25 per share; and
- c. Increase in authorized capital stock to ₱19,000,000,000 divided into 760,000,000 common shares with a par value of ₱25 per share.

The reclassification of the said preferred shares to common shares took effect on March 19, 2013. On December 2013, the Bank received the approval of both the BSP and SEC to apply ₱3.94B in APIC to partially wipe out the bank's outstanding deficit.

On March 26, 2014, the Bank exited from the 10-years Financial Assistance Agreement with PDIC by settling the loan of ₱7.6 Billion which represents financial assistance by the latter to the Bank in 2004.

The subscription by P.G. Holdings, Inc. (PGH) to the new shares of the Parent Company amounting to ₱5.98 billion was approved by the BSP on September 23, 2014. The first installment of ₱1.79 billion was paid by PGH on September 25, 2014. Subsequently, on October 1, 2014, VFC Land Resources Inc. (VFC) bought 59.24 million shares at ₱33.00 per share from the ISM Group. PGH and VFC are beneficially owned by the family of Mr. Lucio Co, bringing his total stake in the Parent Company to 49.99%.

On September 22, 2015, June 29, 2016 and September 11, 2017, the Parent Company received the second, third and final installment payments, respectively, each amounting to ₱1.39 billion for the subscribed shares of PGH.

In 2015, both PGH and VFC bought additional 2.4 million shares and on following year an additional 0.49 million shares and 9.49 million shares were acquired by PGH and VFC, respectively. In 2018, PGH bought an additional 2.27 million shares and VFC acquired 0.49 million additional shares in 2019. VFC subsequently bought another 17.26 million shares, which brings the total stake of the Co Family in the Parent Company at 57.34% as of April 21, 2023.

On July 29, 2019, PBCOM sold its stake in PBCOM Rural Bank, Inc. as it consolidates its efforts and resources at the parent level.

On 20 January 2022, the Monetary Board of Bangko Sentral ng Pilipinas approved PBCOM's application to upgrade its license to a Universal Bank subject to completion of requisite regulatory requirements.

PBCOM's Board of Directors, in its Special Stockholder's Meeting held last 15 March 2022, approved the amendment of the Bank's Articles of Incorporation to (a) Change the Bank's primary purpose to a Universal Bank from a Commercial Bank and (b) Change the Bank's Corporate term to Perpetual from 50 years.

On October 18, 2022, the Bank entered into an exclusive distribution agreement with Etiqa Life and General Assurance Philippines, Inc. (ETIQA Philippines), distribution activities will commence upon obtention of regulatory approvals.

On 10 November 2022, PBCOM secured its Certificate of Authority to operate as a universal bank from the Bangko Sentral ng Pilipinas. PBCOM started its operations as a Universal Bank last 1 December 2022.

Business of Registrant

PBCOM offers a wide range of products and services to clients. These includes basic commercial banking services such as deposit products, credit and loan facilities, trade-related services, treasury

and foreign exchange trading, cash management services and Trust and Investment Management services.

Deposit products and services include peso, dollar and third currency savings, checking and time deposit accounts, ATM accounts, foreign and domestic remittance services, cash management services namely deposit pick-up and cash delivery, payroll and check-writing services. Ancillary services such as safety deposit boxes and manager's checks, demand drafts, acceptance of tax and SSS payments are also available, these products and services are offered to both individuals and corporate clients.

Credit and loan facilities include working capital financing, post-dated check discounting, specialized lending programs such as contract-to-sell financing and Micro-Finance. Other credit related products include home, auto and personal loans as well as trade financing,

Trade-related services include import LCs, standby LCs, credit bank guaranty and shipside bond, export LC advising, export packing credits & export bills negotiation and collections, trade financing of receivables and payables, domestic LCs and trust receipt financing. These services are financing facilities offered to importers and exporters.

Treasury products include dealership and brokering of government securities and commercial papers, both domestic and international, deposit substitutes like promissory notes and repurchase agreements, foreign exchange proprietary trading and commercial client servicing.

Trust services include investment management services, personal trust funds, escrow agency services, employee benefit trust services and estate planning.

Contribution to Operating Income

As of December 2022, the contribution to Operating Income is broken down as follows: (1) 86.48% is derived from net interest income, which includes interest income from lending, investment securities and others receivables less interest expense and finance charges (2) 13.52% is from non-interest income consisting of trading gains, service charges, fees and commissions, income from trust operations, profit/loss from asset sold, foreign exchange gain/loss, rental income and miscellaneous income.

The Bank does not maintain any branch or sales office abroad. Hence, all revenues are generated domestically.

Distribution Methods of Products and Services

As of December 2022, the Parent Bank's liability and ancillary products and services are distributed primarily through its 95 branches, 4 of which are in Pop-Up formats situated in selected Puregold stores.

PBCOM clients may also conduct their transaction in various channels such as the 163 automated teller machines deployed in strategic branch sites and in 69 off-site locations. In addition, the Bank has also deployed 68 Cash Deposit Machines across various sites to help service the deposit transactions of its clients.

The Bank has likewise expanded its digital presence through its Digital-Only Bank which BSP approved last December 11, 2019, this will complement the existing Internet and Mobile Banking facilities of the bank launched last June 21, 2017 and September 28, 2018, respectively.

Competition

As of end 2022, the Philippine commercial banking industry is composed of 45 Universal and Commercial Banks) of which 16 are Private Domestic Banks, 3 are Government Banks and 26 are Foreign Banks with either established subsidiaries or foreign branch licenses.

Patents, Trademarks, Licenses, Franchises, Concessions, and Royalty

PBCOM have registered the trademarks of the following: PBCOM, Philippine Bank of Communications, PBCOM Together we Grow, PBCOM Pop-up Branch, PBCOM Mobile and PBCOM eRegalo.

Customers

PBCOM has multi-segment client base with growth seen across Individuals, Commercial and Corporate accounts. This result stems from the bank's focus on expanding its market through the ecosystem of its principals.

Subsidiaries and Affiliates

PBCOM Insurance Services Agency, Inc. (PISAI)

PBCOM Insurance Services Agency, Inc. (PISAI) was incorporated and registered with the Securities and Exchange Commission on May 9, 2014 to engage primarily in the business of soliciting and promoting insurance products. The company offers a range of insurance agency services specific to life and investment-linked products to meet customers' wealth management and risk protection needs.

On January 11, 2021, the Board of Directors of PBCOM approved the dissolution and liquidation of PISAI as it has been inactive since the pre-termination of its general agency agreement with Pru Life UK in September 2017. On March 4, 2021, the PISAI Board of Directors approved the shortening of the corporate term to June 30, 2021.

To give time to PISAI to obtain all regulatory clearances, the Board of Directors of PBCOM approved an extension, and the shortening of the corporate term of PISAI shall be until December 31, 2024, in order to comply with SEC issued Memorandum Circular No. 05 s. 2022.

PBCOM Finance Corporation

PBCOM Finance Corporation was incorporated and registered with the SEC on January 9, 1980 to provide, grant, and/or extend credit facilities to any person, business, juridical or otherwise. It is 40% owned by the Bank while the remaining 60% is owned by various individual shareholders. Its principal place of business is located at 7th floor, PBCOM Building, 214-216 Juan Luna St. Binondo, Manila.

Transaction with and/or Dependence on Related Parties

The Bank's related parties include key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members, associates and post-employment benefits for the benefit of the Bank's employee.

As required by BSP, the Bank discloses loan transactions with its associates, affiliates and with certain directors, officers, stockholders and related interests (DOSRI). As of December 31, 2022 the Bank is compliant with DOSRI rules and regulations.

The Bank's related party transactions are presented and discussed in Note 31 of the Audited

Financial Statements.

Effect of Existing or Probable Government Regulations

Bangko Sentral ng Pilipinas

The Bank fully complies with the required capitalization for universal banks with expanded FCDU license as prescribed by the BSP. The Bank's consolidated qualifying capital as of end-December 31, 2022, stood at ₱16.86 Billion. As reported to BSP, its capital-to-risk assets ratio under the BASEL III reporting standards covering credit, market and operational risks remained well above the 10% prescribed capital cap at 17.07%.

Bureau of Internal Revenue

RA No. 9337, An Act Amending the National Internal Revenue Code, provides that starting January 1, 2009, the regular corporate income tax rate (RCIT) shall be 30% while interest expense allowed as a deductible expense is reduced to 33% of interest income subject to final tax.

A Minimum Corporate Income Tax (MCIT) of 2% on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (interest income from loans to residents) is subject to 10% income tax. Income from FCDU transactions, other than offshore and onshore, is subject to the 30% RCIT or 2% MCIT whichever is applicable.

On January 01, 2018, Republic Act No. 10963, known as the TRAIN Law, took effect. The law increased Documentary Stamp Tax (DST) rates by 100% except for the DST on debt instruments, which increased by 50%. Among the other taxes whose rates were increased is Fringe Benefits Tax from 32% to 35%; Excise Tax on Petroleum Products up to 8php per liter/kilo; and, Final Withholding Tax on the interest income from the deposit under the expanded foreign currency deposit system from 7.5% to 15%.

Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE" was signed into law on March 26, 2021. Under the law, the corporate income tax shall be reduced to 25%, and the corresponding deductible interest expense shall be reduced by 20% of interest income subject to final tax. At the same time, the minimum corporate income tax shall be reduced to 1% of modified gross income, effective until June 30, 2023. There are no changes for FCDU.

Research and Development Activities

The Bank offers basic commercial banking products and services that require no significant amount to be spent on product research & development.

Employees

As of December 31, 2022, the Parent Bank has 1,006 employees with 780 officers and 226 rank-and-file. All of the Parent Company's rank-and-file employees are covered by a CBA. Negotiation is currently ongoing for the period of January 1, 2023, to December 31, 2025. While we are in the process of negotiation, all provisions in the existing CBA signed on December 8, 2021, remain the same. There had been neither dispute nor occurrence of employee strikes for the past years.

Risk Management

PBCOM applies risk management across the entire organization — from the Board of Directors, Senior Management, Business Groups, Business Centers, support units, its subsidiaries and affiliates, and to individual employees as well as in specific functions, programs, projects, and activities. Implementation of the framework contributes to strengthening management practices, decision making, and resource allocation, and increasing shareholder value while protecting the interest of its clients, maintaining trust and confidence, and ensuring compliance with regulations.

Enterprise risk management (ERM) is the framework of policies, processes, and systems, effected by an entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

ERM Vision, Mission, Philosophy and Objectives

Risk Vision Statement

To protect and optimize PBCOM's enterprise value through effective risk management.

Risk Mission Statement

To develop risk awareness and a risk/return consciousness in the Bank in order to protect deposits, preserve capital, and ensure adequate return on capital.

ERM Philosophy

PBCOM recognizes that enterprise risk management is fundamental for its safe and sound operation and sustainable growth. It ensures business success through balanced risk and reward, operational excellence and conformance to the highest ethical standards, and regulatory requirements.

Enterprise Risk Management in PBCOM is aligned to its business objectives and strategies. It operates at all levels and in all units of PBCOM that continually manage risk in an environment fostered by an appropriate governance structure, a strong "control culture" and a proactive process of identification, understanding, assessment, and mitigation of all its material risks.

ERM Objectives

- To identify, measure, manage and control risks inherent in PBCOM's activities or embedded in its portfolio;
- Define and disseminate risk management philosophy and policies;
- Assist risk-taking business and operating units in understanding and measuring risk/return profiles;
- Develop a risk management infrastructure that includes policies and procedures, organization, limits and approval authorities, MIS and reporting, systems and risk models and;
- Promote a risk awareness and strong "control culture" in PBCOM.

PBCOM Enterprise Risk Governance

The Board of Directors is responsible for establishing and maintaining a sound risk management system and is ultimately accountable for identifying and controlling risks; however, separate independent bodies responsible for managing and monitoring risks.

The Risk Oversight Committee (ROC) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. Its primary responsibilities are to:

1. *Oversee the risk management framework.* The committee shall oversee the enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.
2. *Oversee the adherence to risk appetite.* The committee shall ensure that the current and emerging risk exposures are consistent with the Bank's strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limits structure, policies and procedures relating to risk management and control, and performance of management, among others.
3. *Oversee the risk management function.* The committee shall be responsible for the appointment/selection, remuneration, and dismissal of the Chief Risk Officer (CRO). It shall also ensure that the risk management function has adequate resources and effectively oversees the risk taking activities of the Bank.

The Enterprise Risk Management/ICAAP Group is the ROC's implementing arm in carrying out its functions. It serves the Bank's Board of Directors and Management by assisting the Bank in accomplishing its objectives by bringing a systematic and disciplined approach to promoting risk management practices consistent with the type and complexity of operation of the Bank and its subsidiaries. It assists in the management of risk that is a direct responsibility of the business and support units.

Capital Management

PBCOM's capital management framework involves providing shareholders optimal returns within the ability of the capital to protect the interests of all the Bank's stakeholders. The framework involves monitoring both capital requirements and capital resources to ensure:

- Qualifying capital remains above minimum requirements of ten (10) percent of risk weighted assets;
- Quality of capital resources aligns with the risks present or to be taken to achieve growth & return and;
- Prudent balance between the growth and return required of strategic plans and the continuing institutional strength of the Bank.

PBCOM consistently maintains a ratio of qualifying capital to risk weighted assets that are in excess of the ten (10) percent minimum requirement of Philippine banking regulations.

The Bank, in addition, conducts an Internal Capital Adequacy Assessment Process (ICAAP), along with its strategic planning exercise. The ICAAP provides the Bank the opportunity to:

- Articulate its risk appetite, strategic growth, and return targets;
- Identify the businesses, products, and services the Bank will pursue or use to achieve the targets;
- Define and measure the risks each business, product, or service will create;
- Consider how the Bank will mitigate and manage the identified risks;
- Determine the amount and the quality of the capital resources necessary to sustain financial strength through a risk event;
- Conduct stress tests to aid in identifying break points and vulnerabilities; and
- Develop capital build-up and contingency plans.

The ICAAP is a collaborative effort of the Management and the Board of Directors. PBCOM submits the documentation of the results of its ICAAP to the supervisory review and examination of the *Bangko Sentral ng Pilipinas*.

The regulatory qualifying capital of the Bank consists of Common Equity Tier 1 and Additional Tier 1 and is comprised of paid-up common stock, retained earnings including current year's profit, and surplus reserves, less required deductions such as unsecured credit accommodations to DOSRI, and goodwill. The other component of regulatory capital is Gone-Concern Capital (Tier 2), which includes appraisal increment reserves (as authorized by the Monetary Board) and general loan loss provision.

The Bank's capital charge for credit risk is computed at 10% of credit risk-weighted on- and off-balance sheet assets. Risk weights of on- and off-balance sheet assets are computed using the standardized approach as specified in the MORB.

Market risk capital charge is computed using the standardized approach specified in the MORB. Under this approach, capital for market risk is equivalent to 10% of market risk-weighted assets that cover interest rate, equity, and foreign exchange exposures of the Bank.

Operational risk capital charge is computed using the Basic Indicator Approach, under which, capital for operational risk is equal to 15% of the Bank's average positive annual gross income of the previous three years.

Market, Liquidity and Interest Rate Risk Management

Market risk arises from adverse fluctuations in the market value of financial instruments in both on- and off-balance sheet items. The Bank employs the Value-at-Risk (VaR) at 99% confidence level to measure market risk and performs back testing (using both hypothetical and actual back testing approaches) to ensure an accurate and robust VaR model. Stress Testing is also employed to determine the earnings impact of extreme market movements not captured by VaR calculations. A system of risk limits that reflect the Bank's level of capital, expected returns, and the overall risk appetite, is used to manage market risk. These limits include the VAR limit, Nominal Position limit, Off-Market Tolerance limit, Management Action Trigger, and Stop-loss limit. The Bank also uses Market Risk Assessment Matrix to assess the overall market risk profile of the Bank.

Liquidity risk refers to the possibility that the Bank will be unable to meet its financial obligations in any currency. To ensure compliance, the Bank requires daily monitoring of regulatory ratios such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Bank also monitors liquidity risk exposures using the following limits: liquidity indicators, liquidity funding concentration, and Maximum Cumulative Outflow (MCO). Liquidity stress testing is also performed to measure the impact of stressful scenarios to the Bank's MCO profile. The Bank also applies Liquidity Risk Assessment Matrix to assess its overall liquidity risk profile. In managing liquidity risk, the Bank also maintains substantial holdings of High Quality Liquid Assets (HQLA) which can easily be converted to cash.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Bank uses Earnings-at-Risk (EaR) and Economic Value of Equity (EVE) based on its Interest Rate Repricing Gap profile to measure the possible impact to net interest income and net worth of the Bank under normal and stressed interest rate movements. Likewise, risk limits are also employed by the Bank to manage interest rate risk in the banking book. The Bank follows a prudent policy in managing its assets and liabilities to ensure that the exposure to fluctuations in interest rates is kept within acceptable limits.

Credit Risk Management

Credit Risk Management Process

Credit risk is the primary financial risk in the banking system and exists in all revenue generating activities. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk arises when the Bank's funds are extended, committed, invested, or exposed through actual or implied contractual agreements. Capital depletion through loan losses has been the ultimate cause of most institutions' failures. The Bank's credit risk arises from its lending and trading of securities and foreign exchange activities.

The Bank, in recognition of the importance of identifying and rating credit risk as the initial step towards its effective management, has put in place a comprehensive set of policies and established underwriting processes, as approved by the Board of Directors. Regular analysis of the ability of potential and existing borrowers to meet interest and capital repayment obligations is made, including amendment of lending limits when appropriate. The Bank is thus able to continually manage credit-related risks in its risk asset portfolio through objective assessments/evaluations of credit proposals prior to presentation to the appropriate approval authority, ensuring the highest standards of credit due diligence and independence. The Bank's approval matrix begins at carefully reviewed and selected individual limit delegations, working its way up to the Executive Committee (EXCOM) and the Board of Directors as appropriate.

The Bank also employs and implements an Internal Credit Risk Rating System (ICRRS) that is consistent with global rating standards, compliant with Basel II requirements, and appropriate to the Bank's nature, complexity, and scale of activities. Resulting ratings/scores, together with experienced credit judgment, serve as basis in proactively setting-up of loan loss provisions in compliance with PFRS 9.

Credit Exposure Limits

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual borrowers and groups of borrowers as well as limits on large exposures to industries/economic activities, including real estate loan ceilings, and limits on past due and non-performing ratios per product type. Such risks are monitored on a regular basis and subjected to annual or more frequent reviews when considered necessary. These limits are approved by the Board of Directors. The exposure to any one borrower is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored regularly.

Other Credit Enhancements

Exposure to credit risk is also managed in part by obtaining collateral, suretyships, or guarantees. The amount and type of security required depends on an assessment of the credit risk of the borrower or counterparty. In order to minimize credit loss, additional security is sought from the borrower when impairment indicators are observed for the relevant individual loans and advances. The Bank implements guidelines on the acceptability and valuation parameters of specific classes of collateral for credit risk mitigation. The main types of collateral obtained are as follows: (i) for securities lending and reverse repurchase transactions: cash or securities; (ii) for commercial lending: mortgages over real estate properties, machineries, inventories, and trade receivables; and (iii) for retail lending: mortgages over residential properties and vehicles. It is the Bank's policy to dispose of repossessed properties in an orderly and timely fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Bank also has in place an independent post credit review of the loan portfolio quality and credit process that allows it to continually identify and assess the risks on credit exposures and take corrective actions. The management of the credit portfolio is subject to internal and regulatory limits, which serve to control the magnitude of credit risk exposures and preserve the quality of the portfolio. ERMG also monitors large exposures and credit risk concentrations in accordance with BSP regulations.

Operational Risk Management

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. It includes legal risk, but excludes strategic and reputational risk. Operational risk is inherent in all activities, products, and services, and cuts across multiple activities and business lines within the Bank and across its subsidiaries and affiliates. The primary tool in controlling operational risk is an effective system of internal controls, which is approved by the Board and participated by each and every employee of the Bank.

The PBCOM's Operational Risk Management (ORM) Framework, which provides for a strengthened foundation and guidance on how PBCOM should effectively manage its operational risks, is regularly reviewed by the BOD to ensure that ORM policies, processes, and systems are implemented effectively at all decision levels.

The Bank's ORM tools include the Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRI), and the Internal Operational Loss Database, results of which are regularly reported by the ORM Team to the ROC. Operational risk reports such as Profile of Complaints, Legal Case Profile, Bank Security Assessments, and Vendor Performance Evaluation Results are likewise regularly reported by the respective line management to the ROC. A system for reporting of operational crimes and losses, and policies, whistle-blowing and handling of administrative cases are also in place.

Aside from securing adequate insurance coverage over bank assets, putting up of reserve for self-insurance, and setting up allowances for probable losses, operational risk is mitigated through preventive and detective controls, which are embedded in operating policies and procedures, approval limits, and authorities to govern day-to-day operations.

To instill a culture of risk awareness and a strong operational risk control environment, the Bank's ERMG and Compliance Management Group (CG), and subject-matter experts (e.g. Chief Information Security Officer, Data Privacy Officer) from line management conduct regular in-house seminars and trainings, such as orientation for newly-hired employees and computer-based training (CBT) for all employees, with due focus on risk management and regulatory compliance. The groups continuously develop and implement risk management and compliance policies while holding interactive meetings with operating units to address risk issues and implement process enhancements.

The Bank's Technology Risk Management Framework continues to provide strengthened foundation and guidance on how the Bank should effectively manage emerging technology risks. It incorporates the requirements under existing BSP regulations and which takes into account that strategic, operational, compliance, and reputational risks are periodically reviewed and updated to ensure that all risks in the Bank's technology-enabled products, services, delivery channels, and processes are effectively managed and that any gaps are being regularly monitored and addressed.

A comprehensive risk assessment and profiling methodologies for both IT functions and application systems are in place. Risk identification and assessments over project management are enhanced from project initiation to implementation. Control validation process is incorporated in technology risk assessments to ensure effectiveness of established risk mitigation strategy. Corrective action plans are periodically monitored and reported to ensure risk issues are timely addressed and managed proactively. The Bank's risk management team continues to play an active role in providing risk insights and assessments during launch of new products, technology and services, development of risk management policies, and imbibing a culture of a risk aware organization through the conduct of trainings and seminars to Bank employees.

The Bank has in place a Business Continuity Management Framework that provides guidance for continuous operations in the event of any disruptions and proactive mechanisms designed to prevent interruptions to critical business functions and improve the Bank's resiliency. It follows a robust

business continuity planning process that involves the conduct of a business impact analysis/risk assessment, periodic review and updating of business continuity plans, and conduct of BCP tests and tests evaluation. Bankwide Business Continuity Plan, Crisis Management and Emergency Preparedness Plan, Pandemic, and Cyber Resiliency Plans are established. These documents detail the step by step procedures to be taken to respond to the threat or impact of a crisis, and how the Bank will respond to emergencies to protect life, property and environment, addressed in timely manner.

Information and Cyber Security Management

Information security is a key element to maintain a resilient business. As the Bank continues to expand its business and respond to the evolving threat landscape, PBCOM has adopted a risk-centric approach to information security and is committed to continuously enhance its efforts through:

- Continuing education and awareness of people – PBCOM recognizes the importance of its people as a human firewall and act as the first line of defense to maintain good security posture
- Security governance and compliance – We have established strong internal processes, which serve as the solid foundation of the Bank
- Proactive security measures – PBCOM uses multiple layers (defense-in-depth) of security measures and controls to protect Bank’s information assets and resources. This improves the Bank’s visibility and establishing further transparency into cyber threats through maturing security monitoring capabilities and existing toolsets.

PBCOM continually secure and maintain a cyber-resilient environment where it delivers an on-going structured protection to information and system resources. Putting the Bank’s and customers’ information protection first, we have adopted the four main components to cyber readiness and resiliency:

- Manage and Protect – The ability of the Bank to identify, assess, manage risks. The extent to which the Bank have implemented and deployed technologies, processes and controls designed to protect systems, networks and data from cyber-attacks.
- Identity and Detect – The ability of the Bank to timely identify and detect anomalies and potential cyber security incidents before they can cause any significant damage. The extent to which the Bank have implemented continuous security monitoring and active detection controls.
- Respond and Recover – The ability of the Bank to mitigate attacks, eject intruders, analyze attacker actions, operate even if hit by a cyber-attack, and get back to business as usual as quickly and efficiently as possible. The extent to which the Bank has demonstrated its agility in incident response and recovery.
- Govern and Assure – Information security programs, initiatives and activities aligned with the Bank’s business objectives and is overseen from the top of the organization and built into business as usual. The extent to which the Bank takes action to achieve cyber security governance and oversight.

Data Privacy Management

PBCOM cares about the protection of personal identifiable and/or sensitive information provided by customers and/or clients, thus, shall at all times abide to the minimum regulatory and statutory requirements. PBCOM built its privacy risk management system based on the provisions of Republic Act 10173 – Data Privacy Act of 2012, its Implementing Rules and Regulations (IRR), National Privacy Commission (NPC) issuances, and other related laws.

Privacy risk is defined as a potential loss of control over personal identifiable and/or sensitive personal information. With the emerging threats on data privacy, the Bank has instituted control measures to efficiently manage the risk to an acceptable level.

PBCOM, through the designated Data Protection Officer (DPO), manages the risk related to data privacy by adhering to the five (5) pillars of compliance as mandated by the NPC, at the minimum.

Privacy Impact Assessment were the main focus for 2022, assessment of third party providers data protection measures and to update the inventory of the Banks processing systems and to ensure that organizational, technical and physical security measures are in place.

With CISO and DRO's active participation in managing the organizational and technical risks and by actively participating in the conduct of Security Breach tabletop exercise, the Bank and its employees will be ready to handle incidents that may lead to security breaches including data privacy breach.

The Bank's compliance to the data privacy is reported to the Board of Directors (BOD), through the Risk Oversight Committee (ROC), on a quarterly basis or as deemed necessary.

Year 2023 will focus on activities to continuously contribute to increasing of awareness thru different campaigns both for internal and external data subjects. Strengthening the employees and the Banks readiness for any security incidents leading to privacy breach will also be an important program that will be implemented.

For the past years the Bank have a strong security measures in place for the Organizational and Technical aspect. The National Privacy Commission shared in the past years' conferences that the common root cause for data privacy breaches are human error, which is a controllable factor and can be addressed immediately. For 2023 elevating our adherence with NPC's mandate related to Physical Security measures we will be more vigilant in implementing procedures, plans and programs promoting Data Protection.

Mid-year of 2022, we started to implement Physical Security Measures assessment across all the groups and divisions of the Bank. The result of the assessment that requires an action were immediately attended to, from as simple as safekeeping of documents containing personal information in locked storage areas to review of employees' access to restricted office areas were managed and resolutions were provided.

DPO also advocates accountability on Data Privacy compliance by having Data Privacy Coordinators for each group and division. They will be the Data Privacy Champions that will assist the DPO and the Bank to ensure that each member of their team is compliant with the Banks Data Privacy Policy and National Privacy Commissions rules and regulations,

An increase in awareness of the Banks employees was also evident and can be attributed to the continuous campaigns cascaded and trainings facilitated by the DPO. The campaigns and trainings conducted is to equip all employees on how to protect personal information not only of our customers and stakeholders, the Bank's information but their personal information as well and to understand their obligations as an employee in the adherence of the Data Privacy Principle of transparency, legitimate purpose and proportionality and their rights and role as a Data Subject.

PBCOM is one with the National Privacy Commission on its active campaign to protect all data subjects from any unauthorized and unlawful processing of information.

Trust Risk Management

The Trust and Wealth Management Group (TWMG) is exposed to fiduciary risks in managing funds and assets entrusted under its care and custody. Failure of the Group to fulfil its fiduciary responsibilities to the trustor/principal may result to a loss, damage liability, or any undesirable event that can have adverse impact on the Bank. The major risks associated with the fiduciary activities of TWMG are market, credit, liquidity, operational, legal, compliance, strategic, and reputation risks. Having account management, portfolio and trading, trust credit, and operations functions within TWMG, the Bank has also designated personnel performing independent risk management function on fiduciary activities who directly report to the Enterprise Risk Management/ICAAP Group (ERMG). The fiduciary risk exposure exists in both discretionary and non-discretionary trust arrangements.

Risks arising in the performance of trust duties and obligations are addressed through the Trust Committee, Risk Oversight Committee (ROC), and ERMG. The Trust Committee performs oversight function on wealth, trust, and other fiduciary services including the implementation of the risk management framework ensuring that internal controls are in place relative to the fiduciary activities of the Group. The ROC has the overall responsibility for the development of the risk strategy and implementing principles, risk framework, policies, and limits of the Bank, including its Trust business. ERMG spearheads the effective implementation of the risk management process through the following risk tools and controls:

- a. Monthly and Quarterly reporting to ROC and TCOM, respectively
- b. Periodic stress testing of Trust and Wealth TWMG portfolio
- c. Risk Control Self-Assessments (RCSA)
- d. Trust risk management policies

Item 2. Properties

PBCOM's Head Office is located at PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City. The Bank currently owns 50% of PBCOM Tower which was constructed under a Joint Development Agreement with Filinvest Asia Corporation. The Bank has 91 branches and 4 branch-lites as of December 31, 2022. Most of these are located in the metropolitan areas of Luzon, Visayas and Mindanao.

PBCOM's branches are owned and/or leased. The list of branches is attached herewith marked as Annex "J". All properties owned by the bank are unencumbered. To date, the Bank has not identified properties to acquire in the next 12 months.

Legal Proceedings

PBCOM has pending cases, covering credit-related suits and claims and also non-credit-related cases, that remain unsettled. It is not practicable to estimate the potential financial statement impact of these contingencies. However, in the opinion of management, the suits and claims, if decided adversely, will not involve sums that would have a material effect on the financial statements.

The Bank is a defendant in legal actions arising from its normal business activities, including the management of the PBCOM Tower. Management believes that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Bank's financial position.

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

Nothing was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

Market Price and Dividends

A. Dividends History:

There are no dividends declared for the years ended December 31, 2022, 2021 and 2020.

The Bank strictly complies with the BSP regulatory requirements under Section 124 of the Manual of Regulations for Banks which states that before any declaration of dividends, banks shall comply with the following:

- a. Clearing account with the Bangko Sentral is not overdrawn;
- b. Liquidity floor requirement for government funds;
- c. Minimum capitalization requirement and risk-based capital ratio;
- d. The combined requirement for capital conversion buffer and countercyclical capital buffer;
- e. Higher loss absorbency requirement for UB/KBs and their subsidiary banks and QBs that are identified as Domestic Systemically Important Banks; and
- f. Has not committed any unsafe or unsound banking as defined under existing regulations.

B. Common Shares of the Bank are traded in the Philippine Stock Exchange.

Stock Prices:

	2023		2022		2021	
	High	Low	High	Low	High	Low
1 st Quarter	P16.20	P13.60	₱18.98	₱17.40	₱23.45	₱20.10
2 nd Quarter			18.70	15.84	23.40	19.58
3 rd Quarter			17.96	13.02	19.98	17.70
4 th Quarter			15.90	12.72	19.00	17.20

As of April 23, 2023 the closing share price of the Bank's common share was ₱15.00.

C. Holders

As of April 21, 2023, there are 398 shareholders of the Bank's 480,645,163 issued and outstanding common shares, 2,010,724 or 0.42% of which are owned by foreigners.

The top 20 registered stockholders of the Bank as of April 21, 2023 are as follows:

	Name of Shareholder	Nationality	No. of Shares	%
1	P.G. Holdings, Inc.	Filipino	186,241,408	38.75%
2	VFC Land Resources, Inc.	Filipino	88,883,602	18.49%
3	PCD Nominee Corporation	Filipino	64,411,907	13.82%
		Non-Filipino	1,993,861	
4	Eric O. Recto	Filipino	49,835,776	10.37%
5	Ralph C. Nubla, Jr.	Filipino	46,519,036	9.68%
6	Telengtan Brothers & Sons, Inc.	Filipino	31,859,844	6.63%
7	La Suerte Workmen's Compensation Fund	Filipino	7,687,833	1.60%
8	TTC Development Corporation	Filipino	4,181,665	0.87%
9	Roxas-Chua, Ray Anthony Go	Filipino	3,070,724	0.64%
10	Cham, Edison Siy	Filipino	1,790,853	0.37%
11	KLG International, Inc.	Filipino	1,790,853	0.37%

12	Yu, Gregorio T.	Filipino	1,432,692	0.30%
13	Chungunco, Raymond N.	Filipino	604,011	0.13%
14	TFC Holdings, Inc.	Filipino	562,588	0.12%
15	Chung, Bunsit G. (a.k.a. Carlos G. Chung)	Filipino	550,716	0.11%
16	Chung, Patricia Regine K.	Filipino	261,294	0.05%
17	Chung, Philippe Ryan K.	Filipino	261,294	0.05%
18	Ching, Winnifred	Filipino	187,798	0.04%
19	Ching, Jeffrey	Filipino	175,505	0.04%
20	Chung, Dexter Noel T.	Filipino	174,196	0.04%
	Chung, Sidney	Filipino	174,196	0.04%
	Chung Zachary	Filipino	174,196	0.04%
	Total		477,561,844	99.36%

* - 15,263,964 shares of VFC Land Resources, Inc., 5,260,338 shares of Ralph C. Nubla, Jr., and 323,648 shares of Eric O. Recto are under PCD Nominee Corp.

The PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares. The beneficial owners, such as the clients of PCD, have the power to decide how their shares are to be voted.

The material information on the current shareholders and voting rights are discussed on pages 4 and 5 of the Information Statement under Voting Securities & Principal Holders Thereof and Security Ownership of Certain Record and Beneficial Owners as of April 21, 2023. The complete list of stockholders who are entitled to vote is available at the Bank's website and has been disclosed with the SEC and the PSE on April 25, 2023.

Recent Sale of Unregistered Securities

There were no sales of unregistered securities within the fiscal year covered by this report.

The Bank has no registered debt securities. There are no existing or planned stock options. There are no registered securities subject to redemption or call. There are no existing or planned stock warrant offerings.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Quarterly)

1. Management's Discussion & Analysis

Financial Condition & Results of Operations: March 31, 2023

The Group registered a net income of ₱541.4 Million as of the first quarter of the year 2023, ₱126.4 Million or 30.4% higher than the ₱415.0 Million earned during the same period last year. This is attributable to ₱188.6 Million higher operating income largely due to ₱157.3 Million better trading performance, ₱55.1 Million improvements in net interest income, ₱9.3 Million higher foreign exchange gain, partially offset by ₱29.7 Million lower net gain from ROPA sales, and ₱6.4 Million lower fees & commission. ₱41.9 Million higher operating expenses and ₱20.4 Million higher income taxes in the current period partially offset the increase in operating income.

Growth in net interest income is a result of ₱325.0 Million increase in interest income from loans, due to 95 bps higher yields and 16.7% Million higher average volume, ₱187.9 Million increase in interest income from investments from 1.81 % pts higher yields, and 0.3% higher average volume, offset by from ₱441.4 Million increase in interest expense mainly due to 1.58 % pts higher cost of funds and 9.0% higher average CASA volume & Repos. Total operating expenses went up by ₱41.9 Million mainly because of higher taxes due to higher GRT and DST, higher PDIC insurance from

growth in deposit volume, higher manpower costs, and higher security service costs offset by lower provision for impairment losses. Income tax also increased by P20.4M mainly from higher final taxes on interest income on peso government securities and onshore income.

Total Assets of the Group increased by ₱4.1 Billion from ₱124.9 Billion as of December 2022 to ₱129.0 Billion at the end of the first quarter of 2023. This is primarily due to an increase in inventory of debt securities carried at HTC and FVOCI amounting to ₱6.2 Billion and P₱2.5 Billion, respectively, partially offset by ₱2.9 Billion decrease in Loans and Other Receivables, mostly from corporate loans.

The Group's gross NPL ratio is at 3.01%, 0.23 % points lower than the 3.23% ratio at the end of 2022.

Total Liabilities increased by ₱3.5 Billion, 3.22% higher than last year's end level of ₱109.3 Billion. This resulted mostly from ₱5.0 Billion increase in bills payable offset by ₱2.6 Billion decrease in deposit liabilities mainly from lower demand deposits. Total Capital is now at ₱16.1 Billion from ₱15.6 Billion last December 2022. This 3.6% increase in Capital was mainly contributed by the earnings of the Bank as of the first quarter of the year.

The Group's consolidated Risk-Based Capital Adequacy ratio is 17.31% under BASEL 3 and is well above the 10% minimum requirement. The ratio covers credit, market, and operational risks for the first three (3) months of 2023.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	March 2023	March 2022	Remarks
Net Profit Margin <i>(Net income divided by Gross income)</i>	35.94%	31.49%	Net profit margin increased by 4.4 % pts mainly due to higher net trading gain and higher net interest margin from higher interest income from loans & investments
Return on Average Asset <i>(Net income divided by Average assets)</i>	1.71%	1.47%	Slight increase of 24 bps due to higher net income during the current period, mainly driven by higher net interest margin, offset by the impact of an increase in average assets
Return on Average Equity <i>(Net income divided by Average equity)</i>	13.66%	11.68%	Return on average equity increased by 1.98 % points due to higher net income during the period driven by higher net trading gain and higher net interest margin
Capital Adequacy Ratio (Basel 3) <i>(Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)</i>	17.31%	17.58%	The capital ratio decreased by 0.27% due to higher total credit risk-weighted assets.
Basic Earnings per share <i>(Net income divided by average no. of common shares)</i>	1.13	0.86	Increase in basic earnings per share by P0.26 from higher net income during the current period

B. Financial Soundness (consolidated)

Ratio	March 2023	December 2022	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total deposit refers to the total of peso and foreign currency deposits.</i>	22.70%	21.41%	Ratio increased by 1.29 % pts increase due to a higher inventory of FVOCI and HTC debt investments supplemented by a decrease in total deposits, mainly demand deposits for the current period
Debt Ratio (Total Liability to Total Assets)	87.49%	87.54%	Debt ratio slightly decreased by 4 bps due to the impact of an increase in total assets due to higher inventory of FVOCI and HTC debt

<i>Debt refers to the total liabilities while assets refers to total Assets</i>			investments, in relation to the impact of an increase in total liabilities due to an increase in FCDU Bills Payable REPO.
Asset to Equity Ratio (Total Asset to Total Equity)	8.00	8.02	Ratio is lower by 2.7 % pts mainly as a result of an increase in equity due to higher net income in relation to growth in assets
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	225.06%	565.01%*	Bank's interest rate coverage decreased by 339.95 % pts due to an increase in interest expense from the rising cost of funds mainly from time deposits, partially offset by higher earnings before interest & taxes
Net Interest Margin Net interest income over Average Earning assets	4.27%	4.17%*	Ratio went up by 9 bps due to the higher impact of improvement of ave yields than the impact of an increase in ave COF rates

* As of March 2023

Statement of Condition: March 2023 vs. December 2022 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(228,215)	-16.25%	Lower cash on hand
Due from BSP	(896,623)	-7.91%	Higher mostly from Overnight Deposit Facility (ODF)
Due from Other Banks	81,203	7.46%	Higher funds with foreign banks
Interbank Loans Receivable	(811,326)	-31.20%	Lower GS Repo partially offset by higher foreign interbank loans
Financial assets at Fair Value through Profit or Loss	56,155	0.00%	Purchase of investments in FVTPL
Financial assets at Fair Value thorough Other Comprehensive Income	2,544,199	50.80%	Purchase of debt investments in FVOCI
Investment securities at Amortized Cost	6,118,743	28.25%	Increase due to the purchase of HTC securities
Loans and Receivables	(2,865,324)	-3.72%	Decrease in outstanding receivables, mainly in corporate loans
Investment in a subsidiary and associate	76	0.52%	Share in net income for the period
Property and Equipment	(8,866)	-1.10%	Decline due to depreciation recognized for the period
Investment Properties	4,248	0.16%	Higher ROPA foreclosures, offset by depreciation recognized for the period
Intangible Assets	20,927	3.98%	Capitalization of 30% downpayment for software cost during the quarter
Deferred tax assets	(5,084)	-1.30%	Decrease mainly due to a drop in advance rent
Other Assets	75,185	16.25%	Higher largely due to PDIC insurance premiums and an increase in WIP-infotech
Demand Deposits	(6,783,079)	-14.91%	Lower deposits volume mainly in Savings & Demand deposits, partially offset by higher Time Deposits
Savings Deposits	(757,041)	-5.98%	
Time Deposits	4,926,783	12.84%	
Bills Payable	4,992,667	65.74%	Increase in FCDU bills payable - REPO
Outstanding Acceptances	542,359	1080.01%	Increase due to higher bills of exchange accepted by the Bank
Manager's Checks	370,179	167.10%	Higher un-negotiated MC's as of quarter-end
Accrued Interest, Taxes and Other Expenses Payable	125,155	14.48%	Increase mainly due to Time Certificate of Deposits interest accrual and employee bonus accrual
Income Tax payable	87,106	73.31%	Higher Income tax due for the period
Other Liabilities	15,833	1.55%	Higher mainly from an increase in withholding tax payable

Statement of Income and Expenses: January-March 2023 vs January-March 2022 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	187,894	107.03%	Higher interest income due to higher yields (mainly from HTC & FVOCI, and from higher ave volume, mainly HTC)
Interest Income on Loans and receivable	325,020	31.94%	Higher interest income largely from higher yields and growth in ave volume (from the

			impact of new loan availments, mainly from corporate loans)
Interest Income on IBCL	(6,937)	-22.16%	Lower interest income from lower volume
Interest Income on Deposit with other Banks and others	(9,472)	-53.80%	Lower interest income mainly from a decrease in ave. volume mainly in ODF offset by higher yields
Interest Expense on Deposit Liabilities	337,435	331.94%	Increase is primarily from a higher cost of funds and CASA volume
Interest Expense on Bills payable, borrowings and others	103,979	592.14%	Increase is mainly from higher cost and ave volume due to new repos during the year
Trading and Securities Gain – net	157,305	145.03%	Higher net trading gain was mostly realized, compared to a net trading loss in the same period last year
Rent Income	(1,827)	-1.62%	Lower from the impact of lease terminations as a result of the COVID-19 crisis, offset by lease commencements from new tenants
Service Charges, Fees & Commissions	(6,390)	-6.03%	Lower mainly due to lower loan processing fees
Foreign Exchange Gain (Loss) – Net	9,269	80.19%	Higher foreign exchange gain, mostly unrealized
Gain on asset exchange	4,524	227.91%	Net gain on asset exchange compared to a net loss in the prior year
Profit/(Loss) from Assets Sold	(29,684)	-93.67%	Lower gain on sale of foreclosed ROPA assets
Income from Trust Operations	1,647	23.20%	Increase is mainly due to the impact of higher ADB of assets under management
Miscellaneous Income	(1,306)	-3.54%	Lower mainly from the impact of forfeiture of security deposits from pre-termination of lease contracts in the prior year, partially offset by lower recovery on written-off accounts
Compensation and Fringe Benefits	15,328	5.61%	Higher manpower costs for the period due to higher headcount and salary adjustments
Taxes and Licenses	39,545	33.54%	Increase due to higher GRT costs due to an increase in interest income from loans & investments and higher DST
Depreciation and Amortization	(13,160)	-13.36%	Lower amortization on software assets
Occupancy and other equipment-related costs	10,351	36.07%	Higher mainly from an increase in electricity costs and maintenance cost
Provision for impairment losses	(38,184)	-130.45%	Lower loan provision requirements during the period
Miscellaneous	27,997	12.96%	Increase is primarily due to higher PDIC insurance from a higher volume of deposits, higher security services from higher basic wage, and higher brokerage and PDEX fees
Provision for income tax	20,419	14.65%	Increase from higher taxable income in 2023 is mainly due to higher final taxes, lower DTA recognized, and higher taxable income for the period

3. Discussion and Analysis of Material Event/s and Uncertainties

- The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- As of March 31, 2023, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement and facilities improvement amounted to ₱669.7 Million.
- Due to the pandemic, the Bank has taken prudent steps to mitigate the risk through a more careful credit process and tighter credit policies. More importantly, it continues its assessment of its portfolio by regularly doing the stress test exercise.
- There is no recorded significant quarterly income or losses that did not come from the Bank's regular operations.
- Interest income on the non-discounted loan is recognized based on the accrual method of accounting, while unearned discounts are amortized to income over the

term of the loans. As such, no seasonal aspect has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are primarily dependent on market dynamics and economic trends rather than seasonal factors.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Annual)

1. Management's Discussion & Analysis

Financial Condition & Results of Operations: 2022 (Consolidated)

The Group registered a net income of ₱1.63 Billion for 2022. This is ₱58.62 Million or 3.7% improvement from 2021's net income of ₱1.57 Billion. This is mainly attributable to ₱477.75 Million (9.4%) higher operating income largely due to ₱565.72 Million or 13.3% growth in net interest income, ₱ 58.38 Million higher fees & commission mainly from penalty fees in corporate loans, ₱40.82 higher foreign exchange gains, mostly realized, and ₱47.48 Million higher net gains from ROPA sales. These increases were partially offset by ₱124.73 Million higher net trading losses, reflecting the adverse effects of a rising interest rate environment on the Bank's Peso and USD bond portfolios, and ₱85.23 Million reduction in rental income due to pre-terminations & re-negotiated contracts of tenants as a result of the COVID-19 crisis. ₱269.02 Million higher income taxes and ₱150.19 Million higher operating expenses further offset the increase in operating income.

Growth in net interest income is attributable to ₱485.29 Million increase in interest income from loans due to higher average loan volume, mainly from the growth in corporate loan portfolio, ₱393.74 Million increase in interest income from investments due to higher yields and higher average volume, partially offset by from ₱294.33 Million increase in interest expense mainly due to rise in cost of funds and higher average volume of Time Deposits & Repos. Income taxes increased by ₱269.02 Million or 104.8% as a result of lower deferred tax assets recognized, higher final taxes, and higher taxable income from growth in interest income from loans during the current year. Total operating expenses went up by ₱150.19 Million or 4.6%, mainly because of higher manpower costs, higher accruals for professional fees and higher taxes & licenses from rise in GRT and DST, partly offset by ₱34.61 Million lower provision requirements for credit and impairment losses in the current period.

Total Assets of the Group grew by ₱15.65 Billion (14.3%) from ₱109.24 Billion as of December 2021 to ₱124.89 Billion as of the end of December 2022. This is primarily due to ₱13.43 Billion increase in Loans and Other Receivables, mostly from expansion of corporate loans, and ₱6.14 Billion increase in Held to Collect Securities, partially offset by ₱1.60 Billion lower Interbank loans receivable and ₱1.48 Billion decline in Financial assets at Fair Value through Other Comprehensive Income.

The Group's gross NPL ratio is at 3.23%, 1.06 % points lower than the 4.89% ratio at the end of 2021. PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments, and likewise has fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Total Liabilities increased by ₱14.26 Billion, 15.0% higher from last year's end level of ₱95.06 Billion. This resulted mostly from ₱12.50 Billion increase in deposit liabilities mainly from ₱6.85 Billion & ₱4.33 Billion growths in time and demand deposit volume, respectively.

Total Capital is now at ₱15.57 Billion from ₱14.18 Billion last December 2021. This 9.8% improvement in capital was mainly contributed by the earnings of the Bank during the year. The Bank's Risk Based Capital Adequacy Ratio of 17.07% under BASEL III reporting standards

covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

Financial Condition & Results of Operations: 2021 (Consolidated)

The Bank registered a net income of ₱1.57 Billion for 2021. This is ₱404.15 Million or 35% improvement from 2020's net income of ₱1.17 Billion. This is mainly attributable to ₱1.24 Billion decline in total operating expenses (28%) as a result of ₱1.10 Billion lower provision requirements for credit and impairment losses in the current period.

Total operating income declined by ₱807.60 Million (14%) mainly due to net trading losses as the Bank recognized ₱241.60 Million in losses, lower rent income due to vacancies of leased floors, pre-terminations, and re-negotiated contracts of tenants brought about by the COVID 19 pandemic, and lower fees & commission earned during the year due to decline in penalty fees in corporate loans, partly offset by ₱319.29 Million (8%) improvement in net interest income primarily due to decline in interest expense from lower cost of funds. Due to lower interest rates, interest income also fell by ₱255.21 Million (5%) despite the growth in loan and investments average volume during the year.

Total assets of the Group reached ₱109.23 Billion in December 2021, up by ₱8.0 Billion from the ₱101.23 Billion as of December 2020. This is primarily due to ₱13.26 Billion increase in Investment Securities at Amortized Cost, ₱5.87 Billion increase in Loans and Other Receivables, mostly from corporate loans, and ₱1.35 Billion increase in Financial assets at Fair Value through Other Comprehensive Income, partially offset by ₱10.3 Billion decline in Due from BSP due to lower investment in Overnight Deposit Facility (ODF) and lower reserve requirement.

The Group's gross NPL ratio is at 4.89%, 0.82% points lower than the 5.71% ratio at the end of 2020. PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments, and likewise has fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Total Liabilities increased by ₱6.35 Billion, 7.16% higher from last year's level of ₱88.70 Billion. This resulted mostly from ₱3.83 Billion increase in bills payable, and ₱3.16 Billion growth in deposit liabilities. Low-cost deposit ratio improved as the Bank's demand and savings deposit average volume increased by ₱12.0 Billion, 30%.

Total Capital is now at ₱14.18 Billion from ₱12.53 Billion last December 2020. This 13% improvement in capital was mainly contributed by the earnings of the Bank during the year. The Bank's Risk Based Capital Adequacy Ratio of 18.18% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

Financial Condition & Results of Operations: 2020 (Consolidated)

The Bank registered a net income of ₱1.17 Billion for 2020. This is an ₱11.7 Million or 1% improvement from the 2019's net income of ₱1.16 Billion despite recognizing an additional ₱.0 Billion provision for credit losses as a result of credit score deterioration mainly due to the COVID-19 pandemic. ₱720.5 Million or 22.5% improvement in net interest income was primarily the result of the decline in interest expense from lower cost of fund and lower volume. This and higher loan volume in 2020, primarily in corporate loans, have compensated the drop in interest income due to the decline in yields and the loan payment holiday as a result of the Bayanihan to Heal as One Act. Other operating income also contributed to the increase in net income, which is mainly driven by higher trading gain in 2020. Total operating expenses went up by 29.7% mainly because of higher provisions for losses recognized in the current period. This was partially offset by lower depreciation & amortization and lower occupancy costs.

Total Assets of the Group decreased by ₱1.5 Billion from ₱102.7 Billion as of December 2019 to ₱101.2 Billion at the end of 2020. This is primarily due to ₱10.6 Billion decrease in Financial Assets at Amortized Cost due to the HTC sale in June 2020, and ₱3.6 Billion decrease in Loans and Receivables, partially offset by ₱10.4 Billion higher placements in the BSP's overnight deposit facility (ODF) and ₱5.4 Billion higher in interbank loans.

Moreover, Total Liabilities amounted to ₱88.7 Billion with a decrease of 2.9% from the last year's end level of ₱91.4 Billion. This resulted mostly from lower bills payable by ₱10.9 Billion, partially offset by ₱7.9 Billion increase in Deposits, mostly in time deposits and demand deposits by ₱3.8 Billion and ₱3.7 Billion, respectively.

Total Capital, on the other hand, amounted to ₱12.5 Billion from ₱11.4 Billion last December 2019. Improvement in capital by 10.3% was mainly contributed by the earnings of the Bank during the year. The Bank's Risk Based Capital Adequacy Ratio of 18.87% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

The Group's gross NPL ratio increased by 1.89% from 3.82% in 2019 to 5.71% in 2020. PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	December 2022 (Consolidated)	December 2021 (Consolidated)	Remarks
Profit Margin <i>(Net income divided by Gross income)</i>	29.33%	30.94%	Net profit margin decreased by 1.6 % pts mainly due to higher provision for income tax from lower recognition of DTA, higher final taxes, and higher taxable income in 2022
Return on Average Asset <i>(Net income divided by Average assets)</i>	1.39%	1.49%	Decreased by 10 bps as the impact of increase in average assets exceeded the impact of growth in net income
Return on Average Equity <i>Net income divided by Average equity)</i>	10.97%	11.78%	Return on average equity decreased by 81 bps from higher provision for income taxes and total operating expense from the results of the current operations
Capital Adequacy Ratio <i>Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)</i>	17.07%	18.18%	The capital ratio decreased by 1.11% due to higher total credit risk-weighted assets
Basic Earnings per share <i>Net income divided by average no. of common shares)</i>	3.39	3.27	Increase in basic earnings per share by ₱0.12 from higher net income during the current period

Ratio	December 2021 (Consolidated)	December 2020 (Consolidated)	Remarks
Profit Margin <i>(Net income divided by Gross income)</i>	30.94%	19.84%	Increase in ratio by 11.10 % pts. primarily due to decline in operating expenses from lower provision for credit and impairment losses in 2021
Return on Average Asset <i>(Net income divided by Average assets)</i>	1.49%	1.15%	Higher by 35 bps due to increase in net income primarily due to lower provision for credit and impairment losses, offset by impact of higher average assets.
Return on Average Equity <i>Net income divided by Average equity)</i>	11.78%	9.79%	Return on average equity increased by 1.99 % pts from higher net income mainly driven by lower operating expenses

Capital Adequacy Ratio <i>Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)</i>	18.18%	18.87%	Decrease by 69bps due to increase in credit risk-weighted assets arising from higher loans and receivables in 2021
Basic Earnings per share <i>Net income divided by average no. of common shares)</i>	3.27	2.43	Increase in basic earnings per share by ₱0.84 from higher net income

Ratio	December 2020 (Consolidated)	December 2019 (Consolidated)	Remarks
Profit Margin <i>(Net income divided by Gross income)</i>	19.84%	22.91%	Decline in ratio by 3.07 % pts. Primarily due to higher increase in operating expenses than increase in gross income.
Return on Average Asset <i>(Net income divided by Average assets)</i>	1.15%	1.12%	Slightly higher by 3 bps due to increase in net income despite the decline in average assets.
Return on Average Equity <i>Net income divided by Average equity)</i>	9.79%	10.68%	Declined by 89 bps as the increase in equity has overtaken the impact of higher net income
Capital Adequacy Ratio <i>Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)</i>	18.87%	16.47%	Increased by 2.4 % pts primarily due to higher qualifying capital by P1.3 billion and lower total risked weighted assets by P3.3 billion.
Basic Earnings per share <i>Net income divided by average no. of common shares)</i>	2.43	2.41	Increased by P0.02 from higher net income

B. Financial Soundness (consolidated)

Ratio	December 2022 (Consolidated)	December 2021 (Consolidated)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	21.41%	28.96%	Ratio decreased by 7.55 % pts due to lower liquid assets (from lower Interbank loans & financial assets, particularly FVOCI) in relation to higher total deposits, mainly time and demand deposits
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	87.54%	87.02%	Decreased by 1 bp as the increase in total assets slightly exceeded the increase in total liabilities. Increase in assets is mostly from investment securities at amortized cost and loans and other receivables, mostly from corporate loans
Asset to Equity Ratio (Total Asset to Total Equity)	8.02	7.71	Ratio is higher by 31 bps mainly as result of higher growth in assets in relation to the increase in equity
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	374%	470%	Bank's interest rate coverage decreased by 96.72 % pts. due to impact of increase in interest expense from rising cost of funds & higher time deposit volume, partially offset by impact of higher earnings before interest & taxes
Net Interest Margin Net interest income over Average Earning assets	4.80%	4.83%	Ratio is slightly lower as the impact of increase in average total yields is offset by increase in average COF rates

Ratio	December 2021 (Consolidated)	December 2020 (Consolidated)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	28.96%	43.40%	Decreased by 14.44 % pts due to lower liquid assets from lower placement in ODFs
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	87.02%	87.62%	Decline by 60 bps as the increase in total assets exceeded the increase in total liabilities. Increase in assets is mostly from investment securities at amortized cost and loans and other receivables, mostly from corporate loans

Asset to Equity Ratio (Total Asset to Total Equity)	7.71	8.08	Ratio is lower by 37 bps mainly as result of lower growth in assets in relation to the increase in equity
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	470%	231%	Increased by 239 % pts. primarily due to lower interest expense mainly from lower cost of funds and drop in ave. volume, mostly TDs
Net Interest Margin Net interest income over Average Earning assets	4.83%	4.64%	Ratio went up by 20 bps primarily from lower interest expense due to drop in cost of funds

Ratio	December 2020 (Consolidated)	December 2019 (Consolidated)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	43.40%	48.23%	Declined by 4.83 % pts. due to higher increase in total deposits than increase in liquid assets
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	87.62%	88.95%	Decline by 1.33% pts Is mainly from decline in liabilities, mostly from bills payable
Asset to Equity Ratio (Total Asset to Total Equity)	8.08	9.05	Declined by 0.97 % pts. due to decline in total assets and higher equity
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	231%	177%	Increased by 54.97 % pts. primarily from lower interest expense, partially offset by lower Earnings before interest & taxes
Net Interest Margin Net interest income over Average Earning assets	4.64%	3.85%	Higher NIM by 79bps mainly from lower interest expense

Statement of Condition: December 2022 vs. December 2021 (consolidated)

(in thousands)	Increase/(Decrease)	Percentage Change	Remarks
Cash and Other Cash Items	(111,700)	-7.37%	Lower cash on hand
Due from Bangko Sentral ng Pilipinas	1,064,985	10.37%	Higher mainly from ODF
Due from Other Banks	430,597	65.38%	Higher funds with foreign banks
Interbank Loans Receivable	(1,595,267)	-38.02%	Lower GS Repo and foreign interbank loans
Financial Assets at Fair Value through Profit or Loss	(886,291)	-100.00%	Sale of investments in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	(1,480,691)	-22.82%	Sale of investments in FVOCI
Investment Securities at Amortized Cost	6,141,545	39.57%	Increase due to purchase of securities at amortized cost
Loans and Receivables	12,138,486	18.74%	Increase in outstanding receivables, mainly in corporate loans
Property and Equipment	(78,380)	-8.88%	Decline due to depreciation recognized for the period
Investment Properties			
Foreclosed properties	127,809	15.32%	Higher ROPA foreclosures, offset by depreciation recognized for the period
Office units for lease	(351)	-13.05%	Decline due to depreciation recognized for the period
Deferred Tax Assets	64,953	19.95%	Increase mainly due to set-up of tax assets on additional provision for credit losses
Other Assets	(116,652)	-20.17%	Lower largely due to decline in tax credits and CWT carry-over

Deposit Liabilities			
Demand	4,333,580	10.53%	Higher volume of demand deposits
Savings	1,308,795	11.52%	Higher volume of savings deposits
Time	6,851,167	21.73%	Higher volume of time deposits
Bills Payable	1,583,031	26.34%	Increase in bills payable - REPO
Outstanding Acceptances	(21,391)	-29.87%	Decrease due to lower bills of exchange accepted by the Bank
Manager's Checks	49,288	28.61%	Higher un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses	183,666	26.98%	Increase in expense and interest payable accruals as of the period
Income Tax Payable	51,990	77.80%	Higher income tax payable for the period
Other Liabilities	(85,957)	-7.79%	Lower mainly from lower advance rentals and rental security deposit
Surplus reserves	105,916	99.06%	Increase mainly due to additional RE appropriation to cover deficiency on 1% minimum GLLP requirement
Retained Earnings	1,525,772	-2309.62%	Increase mostly from net income for the period
Unrealized gain/(loss) on equity securities carried at fair value through other comprehensive income	(368,094)	-687.91%	Higher net MTM losses
Cumulative translation adjustment	131,663	55.40%	Lower downward CTA mainly due to exchange rate differential
Remeasurement gains (losses) on retirement liability	(5,027)	-12.34%	Cumulative amount of actuarial loss in 2022

Statement of Condition: December 2021 vs. December 2020 (consolidated)

(in thousands)	Increase/(Decrease)	Percentage Change	Remarks
Cash and Other Cash Items	126,419	9.10%	Higher cash on hand
Due from Bangko Sentral ng Pilipinas	(10,326,382)	-50.13%	Lower placement in ODF
Due from Other Banks	(837,892)	-55.96%	Lower funds with foreign banks
Interbank Loans Receivable	(1,858,608)	-30.70%	Lower foreign interbank loans and GS Repo
Financial Assets at Fair Value through Profit or Loss	167,997	23.39%	Higher investments in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	1,351,471	26.30%	Purchase of investments in FVOCI
Investment Securities at Amortized Cost	13,256,923	585.72%	Higher due to additional inventory purchase in 2021
Loans and Receivables	6,083,795	10.36%	Increase in outstanding loans and receivables, mainly in corporate loans/import bills/CTS
Property and Equipment	(12,400)	-1.39%	Decline mainly due to depreciation recognized for the period
Investment Properties			
Foreclosed properties	224,228	36.75%	ROPA foreclosures in 2021 partially offset by depreciation recognized for the period
Office units for lease	(234)	-8.01%	Decline due to depreciation recognized for the period
Intangible Assets	(86,023)	-14.02%	Lower mostly due to amortization of software during the period, partially offset by acquisitions
Deferred Tax Assets - net	155,006	90.86%	Increase in allowance probable loss

Other Assets	(198,103)	-25.48%	Lower primarily from creditable withholding taxes
Deposit Liabilities			
Demand	10,300,825	33.37%	Higher volume of demand deposits
Savings	1,694,167	17.53%	Higher volume of savings deposits
Time	(8,835,947)	-21.89%	Lower volume of time deposits
Bills Payable	3,828,144	175.37	Higher due to higher bills payable - REPO, partly offset by lower BP-deposit substitute
Outstanding Acceptances	(426,204)	-85.62%	Lower bills of exchange accepted by the Bank
Manager's Checks	(15,853)	-8.43%	Lower un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses	(122,051)	-15.20	Lower mainly from lower retirement obligation (net retirement asset in 2021) and lower accrued interest for deposits due to decline in cost of funds
Income Tax Payable	(80,043)	-54.50%	Lower due to change from MCIT to RCIT in Q4 2020.
Retained Earnings	1,572,560	95.97%	Net income for the period
Unrealized gain on equity securities carried at fair value through other comprehensive income	(46,584)	-46.54%	Lower unrealized gain on FVOCI
Cumulative translation adjustment	(26,204)	12.39%	Lower CTA
Remeasurement gains (losses) on retirement liability	145,864	-138.76	Cumulative amount of actuarial gains in 2021

Statement of Condition: December 2020 vs. December 2019 (consolidated)

(in thousands)	Increase/(Decrease)	Percentage Change	Remarks
Cash and Other Cash Items	(231,583)	-8.58%	Lower cash on hand mainly those with service provider
Due from Bangko Sentral ng Pilipinas	10,384,347	101.67%	Higher mostly from ODF
Due from Other Banks	1,137,525	317.78%	Higher funds with foreign banks
Interbank Loans Receivable	5,336,718	743.55%	Higher investment in GS Repo in 2020
Financial Assets at Fair Value through Profit or Loss	(949,533)	-56.93%	Lower investments in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	(2,956,546)	-36.53%	Sale of investments in FVOCI
Investment Securities at Amortized Cost	(10,586,144)	-82.39%	Lower due to sale of HTC in 2020
Loans and Receivables	(3,633,047)	-5.93%	Decline in outstanding loan primarily in corporate loans
Property and Equipment	(79,593)	-8.17%	Decline mainly due to depreciation recognized for the period
Investment Properties			
Office units for lease	(351)	-10.72%	Decline due to depreciation recognized for the period
Intangible Assets	(59,563)	-8.85%	Lower mostly due to amortization of software during the period, partially offset by acquisitions
Deposit Liabilities			
Demand	3,660,678	13.46%	Higher volume of demand deposits

Savings	484,672	5.28%	Higher volume of savings deposits
Time	3,773,285	10.31%	Higher volume of time deposits
Bills Payable	(10,881,980)	-83.29%	Lower primarily in BP-REPO
Outstanding Acceptances	405,958	441.96%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	(254,711)	-57.52%	Lower un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses	90,357	12.68%	Higher expense accruals, partially offset by lower accrued interest
Income Tax Payable	123,425	526.53%	Lower deductible expense
Deferred Tax Liabilities – net	(782)	-100.00%	Recognized DTA for 2020
Other Liabilities	(66,603)	-5.71%	Lower lease liability and lower security deposit
Deficit	1,168,446	41.63%	Net income for the period and transfer to surplus reserves
Unrealized gain on equity securities carried at fair value through other comprehensive income	12,161	13.83%	Higher unrealized gain on FVOCI
Cumulative translation adjustment	20,200	8.72%	Higher CTA
Remeasurement gains (losses) on retirement liability	(26,796)	-34.21%	Higher cumulative amount of actuarial losses

Statement of Income and Expenses: Jan-Dec 2022 vs Jan-Dec 2021 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Loans and receivables	485,232	11.81%	Higher interest income from growth in average volume (from impact of new loan availments, mainly from corporate loans), partially offset by drop in yields
Investment securities	405,262	85.72%	Higher interest income due to higher yields (mainly from HTC & FVOCI, and from higher average volume, mainly HTC)
Interbank loans receivable and securities purchased under resale agreements	(7,073)	-11.77%	Lower interest income from lower volume
Financial Assets at Fair Value through Profit or Loss	(11,469)	-28.43%	Decrease from lower volume, partially offset by higher yields
Deposits with other banks	(26,052)	-46.78%	Lower interest income mainly from decrease in average volume mainly in ODF
INTEREST AND FINANCE CHARGES			
Deposit liabilities	164,444	37.81%	Increase is primarily from higher cost of funds and from higher CASA volume
Bills payable, borrowings and others	129,886	219.78%	Increase is mainly from higher cost and average volume due to new repos during the year
OTHER INCOME			
Rent income	(85,234)	-16.87%	Lower mainly due to downward impact of pre-terminations and re-negotiated contracts of tenants as a result of the COVID-19 crisis
Trading and securities gain (loss) – net	(124,729)	51.63%	Higher net trading loss, mostly realized
Service charges, fees and commissions	58,381	17.60%	Increase is mainly from higher penalty on corporate loans
Profit (loss) from assets sold	47,476	349.94%	Higher gain on sale of foreclosed ROPA assets

Foreign exchange gain - net	40,821	71.83%	Higher foreign exchange gain, mostly realized
Income from trust operations	2,525	8.64%	Increase is mainly due to impact of higher ADB of assets under management
Gain (loss) on assets exchange – net	(10,936)	-146.60%	Net loss on asset exchange compared to net gain in prior year
Miscellaneous	(16,275)	-11.85%	Decrease primarily due to lower recovery on charged-off asset
OPERATING EXPENSE			
Provision for credit and impairment losses - net	(34,615)	-10.74%	Lower loan provision requirements during the period
Compensation and fringe benefits	98,909	9.73%	Higher manpower costs for the period due to higher headcount and salary adjustments
Insurance	20,984	12.89%	Higher PDIC insurance from higher volume of deposits
Occupancy and other equipment-related costs	17,614	14.86%	Higher mainly from increase in electricity costs
Management and professional fees	66,772	67.08%	Increase is primarily due to higher professional fees
Security, clerical, messengerial and janitorial services	16,445	18.51%	Higher security and janitorial costs primarily due to increase in minimum wage
Entertainment, amusement and recreation	(42,151)	-35.02%	Lower expenses incurred in 2022
Communications	7,463	15.02%	Increase in commercial leased lines
Miscellaneous	(22,172)	-5.39%	Decrease is primarily due to lower ROPA related expenses
Share In Net Income Of An Associate	26	9.06%	Net income from PBCOM Finance
Provision For Income Tax	269,020	104.83%	Increase is mainly due to lower DTA recognized, from higher final taxes, and due to higher taxable income for the period

Statement of Income and Expenses: Jan-Dec 2021 vs Jan-Dec 2020 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Loans and receivables	(215,326)	-4.98%	Lower interest income primarily from drop in yields, partially offset by higher ADB volume
Investment securities	109,178	30.03%	Higher due to volume, mainly due to HTC & FVOCI
Interbank loans receivable and securities purchased under resale agreements	(32,677)	-35.23%	Lower volume of GS with repurchase agreement
Financial Assets at Fair Value through Profit or Loss	(39,662)	-49.57%	Decrease from lower volume and lower yields
Deposits with other banks	(76,722)	-57.94%	Lower income from decrease in average volume mainly in ODF, and lower yields
INTEREST AND FINANCE CHARGES			
Deposit liabilities	(486,560)	-52.80%	Decline from lower cost of funds and lower volume, mostly TDs
Bills payable, borrowings and others	(87,935)	-59.81%	Lower cost of funds ,and lower volume mainly in Repo
OTHER INCOME			
Rent income	(168,173)	-24.97%	Lower mainly due to downward impact of pre-terminations and re-negotiated contracts of tenants as a result of the COVID-19 crisis
Service charges, fees and commissions	(57,367)	-14.74	Lower mostly due to decrease in penalties on corporate loans
Trading and securities gain (loss) - net	(896,329)	-136.90%	Higher trading loss, mostly realized
Profit (loss) from assets sold	6,788	100.13%	Higher gain on sale of ROPA

Income from trust operations	3,542	13.79%	Increase due to higher average volume of assets under management
Gain (loss) on assets exchange - net	10,617	-336.30%	Higher due to net gain on ROPA foreclosures for the year
Gain on sale of investment securities at amortized cost	(2,552)	-100.00%	Gain on sale of HTC for the period
Miscellaneous	(21,056)	-13.29%	Decrease primarily due to lower pre-termination penalty income from lease contracts
OPERATING EXPENSE			
Provision for credit and impairment losses - net	(1,095,927)	-77.27%	Lower provision requirement in 2021
Taxes and licenses	(162,618)	-25.41%	Lower GRT and business taxes
Insurance	9,058	5.89%	Higher PDIC insurance from higher volume of deposits
Occupancy and other equipment-related costs	17,185	16.96%	Higher electricity and water costs
Management and professional fees	(40,458)	-28.90	Lower professional fees
Security, clerical, messengerial and janitorial services	5,424	6.5%	Higher security and janitorial costs
Share In Net Income Of An Associate	21	7.89%	Net income from PBCOM Finance offset by net loss from PISAI
Provision For Income Tax	26,503	11.52	Higher taxable income

Statement of Income and Expenses: Jan-Dec 2020 vs Jan-Dec 2019 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Investment securities	(224,699)	-38.19%	Lower interest income mainly due to decrease in volume mainly in HTC as a result of the sale in 2020
Financial Assets at Fair Value through Profit or Loss	(79,290)	-49.77%	Decrease from lower yields
Interbank loans receivable and securities purchased under resale agreements	52,500	130.45%	Increase from higher volume
Deposits with other banks	120,427	1005.15%	Increase from higher volume of investments in BSP ODF
INTEREST AND FINANCE CHARGES			
Deposit liabilities	(580,128)	-38.63%	Decline from lower cost of funds, mainly in TDs
Bills payable, borrowings and others	(414,666)	-73.82%	Decrease in interest expense mainly due to lower cost of funds and lower volume
OTHER INCOME			
Rent income	(62,927)	-8.55%	Lower PAS 17 adj mainly due to reversals of PY accruals of contracts that pre-terminated and contracts with rate reductions in 2020.
Trading and securities gain (loss) – net	246,318	60.31%	Higher trading gains, mostly realized
Profit (loss) from assets sold	(90,960)	-93.06%	Lower gain on sale of ROPA
Foreign exchange gain - net	9,312	18.67%	Increase from higher gain from fx revaluation
Income from trust operations	4,594	21.78%	Higher trust fees during the comparative period due to diversification of products and services, coupled with appropriate pricing strategy to differentiate products/services according to complexity
Gain (loss) on assets exchange – net	8,693	73.36%	Lower loss on ROPA foreclosures
Miscellaneous	20,619	14.96%	Higher penalties from pre-termination of rental agreements, lower loss on derecognition of asset, and higher dividends from investments
OPERATING EXPENSE			
Depreciation and amortization	(65,326)	-14.65%	Lower depreciation mainly from fully amortized LRI of branches, fully

			depreciated furniture and fixture and office equipment in 2020 and lower AL ROPA depreciation due to sale in 2019
Provision for credit and impairment losses – net	1,040,615	275.58%	Higher provision requirement in 2020 mostly due to deterioration of credit scores as the impact of the pandemic
Insurance	13,991	10.01%	Higher PDIC insurance from higher volume of deposits
Occupancy and other equipment-related costs	(28,886)	-22.18%	Lower electricity and water costs due to limited operation of the branches in 2020
Management and professional fees	33,456	31.40%	Higher professional fees incurred in 2020
Security, clerical, messengerial and janitorial services	(14,328)	-14.66%	Lower security and janitor mainly due to limited operation of the branches in 2020
Entertainment, amusement and recreation	44,089	53.45%	Higher expenses incurred in 2020
Miscellaneous	(39,617)	-9.16%	Lower broker’s commission, collection and credit investigation fees due to lower volume
Share In Net Income Of An Associate	(265)	-49.91%	Net loss from PISAI
Provision For Income Tax	27,732	13.70%	Lower deductible expense
Net Income (Loss) From Discontinued Operations	228,408	-100.00%	No discontinued operations for 2020

3. Discussion and Analysis of Material Event/s and Uncertainties

- The Bank does not anticipate any cash flow or liquidity problems in the next 12 months after year-end 2022.
- The Bank does not foresee any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are no material commitments for capital expenditures.
- The Bank remain cautious in expanding its loan portfolio given the on-going effect of the pandemic on the economy while the Executive Committee (EXCOM) stays vigilant with its loan approvals.
- There are no significant elements of the Bank’s income in 2022 that did not arise from continuing operations.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.

UNDERTAKING

The Bank will post and make available for download the full version of this SEC Form 20-IS (Definitive Information Statement), together with its annexes including the Bank's 2022 consolidated Audited Financial Statements in the Bank's website at www.pbcom.com.ph/ upon its approval by the Securities and Exchange Commission.

The Bank will likewise post, make available for download, its Interim Unaudited Financial Statements for the first quarter of 2023 on SEC Form 17-Q in the Bank website at www.pbcom.com.ph/ on or before May 30, 2023.

Upon the written request of a stockholder, the Bank will provide, without charge, hard copies of the Bank's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) and SEC Form 17-Q (Unaudited Financial Statements for the first quarter of 2023) duly filed with the Securities and Exchange Commission. The stockholder may be charged a reasonable cost for photocopying the exhibits.

All requests may be sent to the following address:

PHILIPPINE BANK OF COMMUNICATIONS
5th Floor PBCOM Tower
6795 Ayala Avenue cor. V.A. Rufino St.
Makati City, 1226

Attention: **MICHAEL STEPHEN H. LAO**
Corporate Secretary

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 Makati on 5 May 2023.

PHILIPPINE BANK OF COMMUNICATIONS
Issuer

By:


MICHAEL STEPHEN H. LAO
Corporate Secretary

**PHILIPPINE BANK OF COMMUNICATIONS
 (“PBCOM”)**

2023 ANNUAL STOCKHOLDERS’ MEETING (“ASM”)

**REQUIREMENTS AND PROCEDURES
 FOR VOTING ELECTRONICALLY IN ABSENTIA AND
 PARTICIPATION THROUGH REMOTE COMMUNICATION**

A. Electronic Voting or Voting in Absentia

1. Stockholders as of 21 April 2023 may register and vote through PBCOM’s website at <https://www.pbcom.com.ph/> until 5:00 p.m. Philippine Time of 30 May 2023. To access the voting portal at PBCOM’s website, stockholders are required to provide their: (i) complete name, (ii) stock certificate number, (iii) valid e-mail address, and (iv) contact number to the Office of the Corporate Secretary via e-mail at CorporateSecretary@pbcom.com.ph, subject to verification and validation procedures. Stockholders who registered and voted before the cut-off time will be counted for purposes of quorum.
2. An e-mail will be sent by the Office of the Corporate Secretary to the stockholder containing his/her username and default password in order to login in the voting portal. Once inside the portal, the system will prompt the stockholder to change his/her password. After the password has been changed, the system will require the stockholder to upload a scanned copy of a valid ID to confirm his/her identity. It is strongly recommended that stockholders do not share their username and password with any other person and take utmost care to keep their username and password confidential.
3. Stockholders may register at the voting portal by providing the following requirements:
 - a. For Individual Stockholders**
 - i. Valid email address and active contact number (landline or cellphone);
 - ii. One (1) valid identification card (ID)¹; and
 - iii. Any stock certificate issued by PBCOM in the name of the individual stockholder.
 - b. For Stockholders with Joint Accounts**
 - i. An authorization letter signed by one of stockholders indicating the name of the person authorized to cast the votes;
 - ii. Valid email address and active contact number for the authorized stockholder;
 - iii. One (1) valid identification card (ID) of the authorized stockholder; and
 - iv. Any valid stock certificate issued by PBCOM in the name of joint stockholders.
 - c. For Stockholder under PCD Nominee or “Scripless Shares”**
 - i. Stockholders should coordinate with their broker/s and request for the full account name and reference number or account number they provided to PBCOM;
 - ii. Valid email address and active contact number; and

¹ Acceptable Valid IDs: Driver’s License, Passport, Unified Multi-Purpose ID (UMID), GSIS ID, company ID, PRC ID, IBP ID, iDOLE Card, OWWA ID, Comelec Voter’s ID, Senior Citizen’s ID, or Alien Certificate of Registration / Immigrant Certificate of Registration.

- iii. Any stock certificate issued by PBCOM in the name of the stockholder.

d. For Corporate Stockholders

- i. Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
 - ii. Valid email address and active contact number for the authorized representative;
 - iii. One (1) valid identification card (ID) of the authorized representative; and
 - iv. Any valid stock certificate in the name of the corporate stockholder.
4. The online voting portal contains the agenda items for approval as set out in the Notice for the 2023 ASM.
- (a) For items other than the election of Directors, stockholders have the option to vote: In Favor of, Against, or Abstain.
 - (b) For election of Directors, stockholders have the option to vote his shares for all nominees, not vote for any nominees, or vote for one or some nominees only, in such number of shares as the stockholder prefers; provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The system will automatically compute the total number of votes the stockholder is allowed to cast, based on the number of shares he owns.
 - (c) Once the stockholder completes his votes, he can proceed to submit the accomplished form by clicking the "Submit" button.
 - (d) After the ballot has been submitted, the stockholder may no longer change his/her vote.
5. Thereafter, the Office of the Corporate Secretary will send a confirmation email to the stockholder once his/her account has been verified and his/her vote has been recorded. If the account of a stockholder cannot be verified, then the votes cast by the non-verified stockholder shall not be recorded.
6. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes cast through proxies. If a stockholder cast his or her vote electronically *in absentia* and also executed a proxy form, the latest vote received by the Office of the Corporate Secretary will be counted.
7. Note that the online voting portal is open until 5:00 p.m. Philippine Time of 30 May 2023. The voting function in the voting portal will be disabled after this time to give the Office of the Corporate Secretary time to collate and validate votes received through the portal. Stockholders will not be able to cast votes during the livestream of the 2023 ASM.

B. Attendance by Remote Communication

- 1. Stockholders who intend to participate in the 2023 ASM remotely may register using the link to be provided in PBCOM's website at <https://www.pbcom.com.ph/> (Annual Stockholders' Meeting) until 5:00 p.m. Philippine Time of 30 May 2023.
- 2. To register, stockholders will need the requirements under Item A.3 above, depending on the type of ownership. Stockholders will also need to upload a valid ID as proof of identity.
- 3. Upon successful registration, the stockholder will receive an email confirmation and a unique link which will be used to log in and view the 2023 ASM livestream.

4. Please note that due to the limitations of available technology, voting will not be possible during the 13 June 2023 ASM livestream, but participants may send questions or remarks via the livestream portal. Stockholders may also send questions and/or remarks in advance or during the meeting to the Corporate Secretary at CorporateSecretary@pbcom.com.ph.
5. Stockholders shall be responsible for their internet connectivity during the ASM.

The proceedings during the 2023 ASM will be recorded in video and audio format. For any questions and concerns, stockholders may visit PBCOM's website at <https://www.pbcom.com.ph/> or contact the Office of the Corporate Secretary via e-mail at CorporateSecretary@pbcom.com.ph or at telephone no. (+632) 8830-7062.