

T O G E T H E R   W E



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**PBCOM**  
PHILIPPINE BANK OF COMMUNICATIONS  
菲律賓交通銀行



Our brand promise, "Together We Grow", is a testament to who we are as a bank. We will be the financial partner that help our stakeholders grow.

The cover represents both our oath and our promise to the people whom the bank consider as partners in growth: our employees, shareholders, affiliates, and customers.

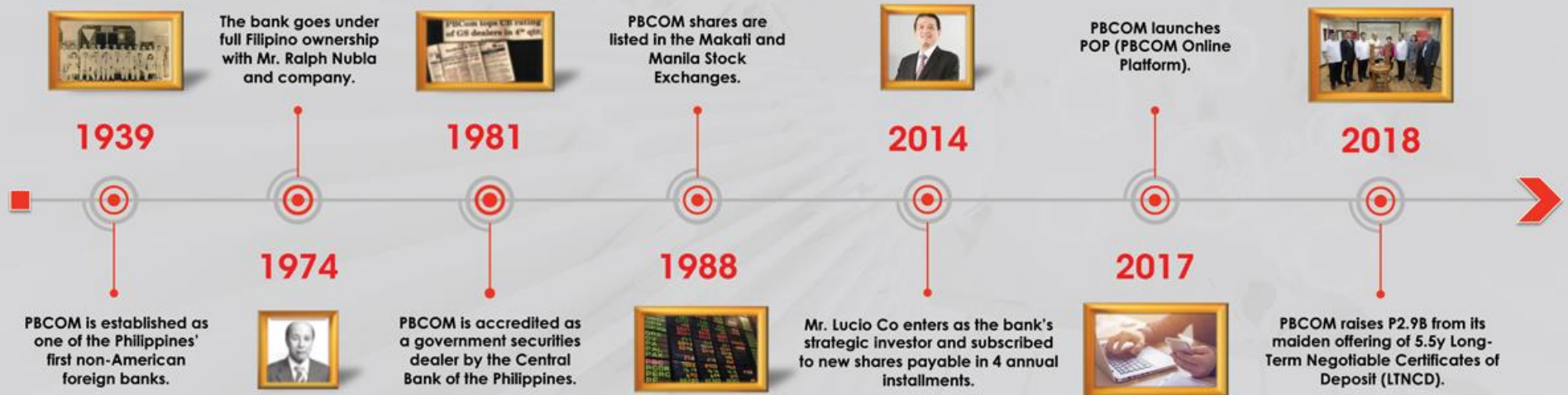
With a clear vision that drives us, a defined mission that dictates our direction, and a set of values that guides us every step of the way, we will be the bank that takes PRIDE in our brand, because TOGETHER, WE GROW.

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## PBCOM Through the Years



## Our Vision, Mission and Values

**OUR VISION.** We are PBCOM. We will be the most preferred and trusted financial partner through generations of nurturing relationships, realizing visions and enriching lives.

**OUR MISSION.** Our mission is to provide a balanced environment that is customer, people, and result-centric while delivering optimal returns to our shareholders. We respond to the changing needs of our customers and partners, with continuous innovation of our products and services making them accessible anytime, anywhere. We nurture and develop empowered, inspired and equally committed employees under a learning and mentoring organization. We fulfill our social responsibility in the communities we serve.

### OUR CORPORATE VALUES. THE PBCOM PRIDE.

With a burning **Passion**, filling our hearts and driving us forward.

Marked by **Responsiveness**, a determination to delight our customers and stakeholders.

Sealed with **Integrity**, a resolve to always do what is right and what is fair.

Moved by **Dynamism**, creating, innovating, taking calculated risks and remaining relevant.

Set apart by **Excellence**, a mindset to be the best, both as an individual and as a team.



**"Together We Grow"**  
is both an oath  
and a promise  
to be your partner  
in becoming  
bigger and better.



# Chairman's Message

## To my fellow Shareholders,

The introduction of the new Vision, Mission and Values which serves as a guiding principle for the entire organization, has clearly set the direction of our bank. It focuses primarily on serving with PRIDE (Passion, Responsiveness, Integrity, Dynamism and Excellence). But we ask ourselves, what is it that we really want to be proud of? What is it that we really want our bank, PBCOM, to stand for?

In 2018, we started communicating, both internally and externally, our brand promise "Together We Grow". A short and seemingly simple statement, but in essence, encapsulates what we want our brand to stand for. It is both an oath and a promise to be your partner in becoming bigger and better.

**A PROMISE TO OUR SHAREHOLDERS & EMPLOYEES:** We want to be a bank that brings forth growth. As our mission dictates, we want to drive results to be able to deliver optimal returns to our shareholders. We also want to nurture and develop empowered, inspired, and committed employees. Our history of delivering growth to both our shareholders and employees for almost 80 years, and counting, is a legacy that we wish to continue.

**A PROMISE TO OUR CUSTOMERS:** We heavily stress to every member of our team that the core of everything that we do must be about our customers. We want to be a bank that is recognized for the level of service that it delivers. And now, we are taking it a step further by saying that this kind of service must enable and empower our clients to grow. We want our clients to think of our bank as a financial partner that helps them to do well. Excellent service, sound financial advice, learning and earning opportunities, are only some of the things that we want our clients to expect from our team.

**A PROMISE TO OUR PARTNERS AND THEIR AFFILIATES:** In the last few years, with the help of our major shareholder, the Lucio Co Group, our ties with their affiliates have started to strengthen. The group's retail giants Puregold and S&R are only some of the companies that we have started to partner with. Through our wide range of products and services, we want to be able to help their companies through automation and operational efficiencies. We want to be known as a partner in delivering growth, not only to them, but to their network of suppliers, service providers, and customers as well.

With "Together We Grow" as our driving principle, this year has been a very good year for PBCOM, and I would like to personally thank our team who has worked tirelessly this past year to make this happen. I also want to thank our customers and our shareholders for your trust and support, without all of you, we will not be where we are today.

2019 will mark the celebration of PBCOM's 80th Anniversary. With an eighty-year legacy of serving with PRIDE, we look forward to the coming 80 years with a renewed fervor to serve our clients with PRIDE. We are confident that the entire PBCOM family is ready to face the years ahead with a commitment to continuously improve and deliver optimum results. We thank all of you for a great year, and we hope for an incessant fruitful partnership, as we ensure that TOGETHER WE GROW.



**Eric O. Recto**  
Chairman

## Dear PBCOM Stakeholders,

It is with great pride that I share with you the Bank's achievements for 2018 highlighted by the 58.0% growth in net income to P626.2 Million. This was not an easy year, but the Bank focused its effort on building the blocks for its sustainable growth, with emphasis on customer deepening and acquisition, product development, personnel training and engagement and capacity building.

One testament to the Bank's strong customer base is when it successfully raised over P2.9 billion from the maiden offering of 5.5y Long-Term Negotiable Certificates of Deposit (LTNCD) in October 2018. This is definitely a sign of our customers' confidence in the Bank's long-term growth prospects.

Continuing the efforts on customer expansion, a key emphasis for long-term growth is to capitalize on potential synergies with other Lucio Co-led companies including Puregold and S&R among others. To date, the Bank has achieved the establishment of relationships with key suppliers and service providers through its auto-credit arrangement and payment management solutions and is poised to provide the other banking needs for this segment. Next in the Bank's target is the ecosystem's retail and wholesale customers whom we shall offer with financial and non-financial products aligned to their varying profiles and requirements.

Critical to the great service delivery of our customers' needs, we ensure our people live our values of PRIDE. Thus, 2018 was also about people development. We have expanded our annual GEM (Going the Extra Mile) Awards to include the PBCOM's PRIDE Awards to duly recognize the employees who have demonstrated exemplary adoption of our corporate values in their work.

Our commitment to people development is also evident in the various training and engagement programs that have been implemented. We launched the Staff Development Program (SDP) which aims to provide a career plan for the rank and file employees from the Branch Banking Group and prepare them for officer roles in the group. And to attract new talents, we have introduced the Bank Associate Program (BAP) where a number of newly graduated professionals are carefully selected to be part of a comprehensive leadership and management training plan. They have been deployed to key units of the Bank upon completion of the program.

We are proud of our 2018 numbers as they speak of the successes of all efforts combined. I am grateful for the continued support of our stakeholders to get the Bank to its current position and this drives the confidence we have on the Bank's future. The Bank is stronger than ever to accept the challenges it will face as we have all set our sight on our making our Vision a reality.



PATRICIA MAY T. SIY  
President & CEO

# The President Speaks





# REPORT ON 2018 OPERATIONS

Philippine Bank of Communications (PBCOM) continued to show significant momentum in terms of growth as its Net Income grew to P626.2 million in 2018, showing a 58.0% increase from the previous year. This allowed the Lucio Co-led bank to post a return of equity of 6.2% and a return on asset of 0.6% for the period.

**P626.2 M**  
Net Income

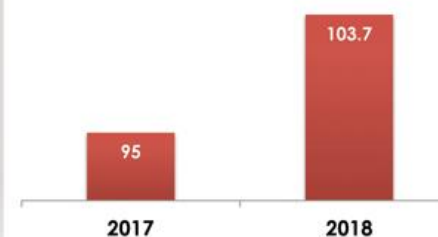
**» ↑ 58%** increase versus  
previous year

PBCOM continued to deepen relationships with existing customers as well as undertook various programs to generate new-to-bank customers, enabling it to grow its total assets to P103.7 billion from P95.0 billion in 2017. This increase is anchored on a 12.6% increase in loan portfolio that was supported by double digit growth in deposits and deposit substitutes that now stand at P91.7 billion.

This focused strategy helped deliver a Net Interest Income of P3.1 billion, a 7.3% improvement from the previous year. Low-cost funding grew at a steady pace with Current and Savings Account (CASA) comprising 38% of the bank's total deposits. Net Interest Margins were kept above 4.0% in spite of the higher interest rate environment as the Bank was able to effectively manage its various funding sources.

**0.60%** ROA  
ROE **6.20%**

## TOTAL ASSETS (in Php Billions)





In **2015**, we have begun PBCOM's rebuilding process to strengthen the foundation for long-term and sustainable growth.

In **2016**, we have started erecting the 5 pillars with which PBCOM has banked on to ensure we deliver optimum results to our stakeholders: People, Products, Processes, Places and Partnerships.

In **2017**, we saw the birth of our bank's new Vision, Mission and Values which revolves around our commitment to serve with PRIDE: Passion, Responsiveness, Integrity, Dynamism and Excellence.

In **2018**, our story continues. Anchored on serving with PRIDE, we put our stakeholders at the heart of everything we do. This credo has always been the organization's guide in implementing projects and initiatives and all these shall ultimately benefit our partners. The overwhelming desire to understand and respond to their wants, their needs, their concerns, their changing and ever sophisticated requirements – this is the most powerful force that steers PBCOM

Our  
story of  
**PRIDE**  
continues



## PASSION

PBCOM, as an organization, believes that serving with PRIDE starts from within. We are committed to developing the capabilities of all our employees, whether in the frontline or in support positions.

In 2018, the Human Resources Group has initiated two major programs. The objective of which is to strengthen the talent pipeline and improve competencies.

- The Bank Associate Program (BAP) comprised of carefully selected newly graduated professionals, is a comprehensive leadership and management training plan. It is a combination of classroom sessions and on-the-job immersion intended to fully equip and prepare the selected individuals for officer positions in the company. After careful observation and assessment, the BAP trainees who have completed their program are now deployed in different Business Units of the

Bank. They are pursuing their passion in the different fields which we believe best suit each individual's strength and capability.

- The Staff Development Program (SDP) aims to train selected rank and file employees from the Branch Banking Group to take on leadership roles. This training is comprised of sales, operations and customer service modules that prepare our rank and file employees to become branch officers. Successful graduates of SDP have been given promotions and are now applying their learnings on their current branch assignments.

Professional training and development programs are also offered through both in-house and bank-sponsored external training courses to build our employees' functional, communication, and leadership skills.



PBCOM's first batch of graduates of the Bank Associate Program (BAP)

## RESPONSIVENESS

Responding to our customers in the way that they deserve starts with understanding and communicating with them. In 2018, PBCOM strengthened and expanded the platforms with which we solicit feedback, inquiries, concerns and commendations. We have installed additional channels for our customers that are accessible and easy to use.

### THE CUSTOMER EFFORT SURVEY

An SMS-based survey broadcasted to new loan and deposit clients to measure how easy and how fast it was to transact with PBCOM. It is a one-question survey that helps the team in getting the perspective of people with a fresh take on PBCOM's service.

### THE CUSTOMER SATISFACTION SURVEY

The CSAT survey is an over-all customer satisfaction survey with special focus on service. Using the web as a platform, customers answer questions pertaining to the person who assisted them, our products and services, and the bank's premises. Ultimately, the goal of this feedback mechanism is to determine in which aspect PBCOM can further improve in terms of service, as well as derive the Net Promoter Score (NPS) which is a widely-accepted benchmark of customer loyalty and overall perception of the brand.

### TEXT PBCOM

Text PBCOM is a free-flow feedback channel to solicit any concern that the clients have. A very convenient platform where customers can give feedback, make recommendations and give commendations.

As a result of the feedback received thru the additional channels installed, we at PBCOM were able to continuously improve on the way we serve our clients. Most notable improvements include Process, Service and Complaint Resolution. Ultimately, our aim is to provide our customers with the service that they deserve; and it all starts with listening and understanding them.





## INTEGRITY

The protection of personal information submitted to the bank is very important for us at PBCOM. We ensure that we protect the data that we collect. With the appointment of a new Data Protection Officer in 2018, PBCOM has reinforced its stance on data privacy and protection with the implementation of the program:

### “Dito sa PBCOM, Data Mo, Protektado”

Under this program, we have completed the following:

- The National Privacy Commission certified that PBCOM has duly complied with the registration requirements of the Data Privacy (DP) Act of 2012, its Implementing Rules and Regulations (IRR) and all related issuances.
- We have created a Board-approved Data Privacy Manual which guides the organization in all aspects of handling Personal Information (PI) and Sensitive Personal Information (SPI).
- In preparation for the 2019 Privacy Impact Assessment, all units identified as PIP and PIC conducted an inventory of business processes related to data collection and processing, particularly identifying the SPI and PI being handled.
- All existing employees, including the Board of Directors and Management Consultants have been a part of the Data Privacy Training and Awareness campaigns. A Computer Based Training module has been rolled-out where participants are required to take a knowledge check on the principles of Data Privacy. Informational communication materials have been disseminated to both internal and external audiences to ensure awareness and understanding.
- In compliance to the requirements of the Data Privacy Act of 2012, all employees were required to sign the DPA employee undertaking. This undertaking governs the employees' access and use of information, classified either PI or SPI, as defined under RA 10173 and its IRR.
- We have started implementing a strict compliance to the Data Sharing Agreement with our accredited third party vendors collecting and processing customer information. This signed agreement indicates in detail, how our partners should protect and handle the information obtained from PBCOM's clients.
- We have initiated the collection of Data Privacy consent for New to Bank clients, stating how PBCOM protects and uses the information being collected from them.
- A privacy policy notification has been published in the official website of the bank. This includes frequently asked questions, DP tips and guidelines, as well as the contact details of the appointed Data Privacy Officer.
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The bank and its management put emphasis on protecting the rights of our data subjects. We believe that all these initiatives and programs will help strengthen their trust and confidence, thus building a stronger relationship with us. Data Privacy is a continuing journey with our clients, and we will continue to uphold their rights as a data subject as we ensure that Together, We Grow.





## DYNAMISM

Keeping up with the growing and ever changing needs of our customers is a mission that we at PBCOM seriously undertake. We continue to develop and enhance our products and services to ensure that we are up to date and relevant. The challenge is to ensure that, in this modern day and age where digital is the new normal, the demands of the new generation of tech-savvy clients are being met.

In 2018, we have focused on enhancing the capabilities of our online banking system, POP, also known as PBCOM Online Platform. POP is a comprehensive and robust suite of digital services aimed at serving the full spectrum of client needs in just a few clicks.

The POP Mobile App, available on either the Apple Store or Google Play, has been enhanced to include new and exciting features that make it really convenient for users.



- Clients can now view, download and print their statement of accounts for the past 6 months. They will no longer have to go to their branch of account to request for their statements as these can be easily generated through their mobile devices or computers.
- Fund transfers to another bank (within the Instapay network) can now be done instantly in just a few clicks. Gone are the days when clients will have to queue in two different banks just to withdraw from one and transfer their funds to another.
- With PBCOM's partnership with GCash, transferring money from your PBCOM account to your GCash wallet is now also possible. This gives customers more options for sending money or paying for goods and services.
- Clients will now also be able to read announcements and advisories broadcasted by PBCOM thru the in-app messaging capability.

With these enhancements, our clients are assured of better and more convenient access to their banking needs. PBCOM will continue to improve POP in order to serve our clients requirements, anytime, anywhere.



## EXCELLENCE



### PBCOM RAISES 2.9B FROM LTNCD ISSUANCE

Philippine Bank of Communications (PBCOM) raised a little over P2.9 billion in its issuance of long-term negotiable certificates of time deposits (LTNCD). Nearly the entire amount was sourced from its own branch network, a fact that President Patricia May Siy recognized in her speech at the listing ceremony at the Philippine Dealing Exchange (PDEX) where she described it as a vote of confidence in the Bank's growth story from its strong customer base. She acknowledged the support from the Bank's customers in spite of numerous alternatives in the capital markets.

The amount was more than the initial planned volume of P2 billion. The debt instrument will be due in 2024 and will fetch an interest rate of 5.625% per annum, payable quarterly.

This was the maiden issuance for the Bank, which has been in the banking industry for almost 80 years. In 2014, Business Tycoon Lucio Co entered into a strategic partnership with the Bank that has proven beneficial to both sides. This relationship has led to numerous synergies between the Bank and the Lucio Co group of companies including retail giant Puregold and membership shopping pioneer S&R. The funds raised through the exercise will be used to leverage these synergies further and to fund the Bank's long term lending programs.

In July 2018, the Bangko Sentral ng Pilipinas, on its 25<sup>th</sup> year, recognized its stakeholders at the 15<sup>th</sup> Awards Ceremony and Appreciation Lunch for BSP Stakeholders, at the Assembly Hall, BSP, Manila, with the theme "Reinforcing Partnerships, Defying New Challenges".

In the ceremony, PBCOM received a **Special Citation on Accessibility** in recognition of the bank's support and willingness to improve facilities and structures that meet the needs of persons with disabilities.

The bank also received a certificate for being a **Finalist of the Pagtugon Award – Universal and Commercial Banks category**. This award was given in recognition of the Bank's efficiency and effectiveness in serving and protecting the interests of our clients, and in adhering to best practices in customer service.

In addition, PBCOM has also been recognized as an **Outstanding Partner for the Conference on Gearing Up for External Competitiveness**. This award recognizes the bank for providing resource persons for the conference, submitting conference presentation on time, and participating in hedging-related activities.

Our pursuit for excellence is a continuing journey. We at PBCOM will continue to strive to be the best in the markets that we serve.



In photo are, from left: Development Bank of the Philippines EVP-Head of Treasury and Corporate Finance Sector Jose Gabino L. Dimayuga, ING Bank N.V. Manila Branch Managing Director-Head of Financial Markets Johnson L. Sia, Philippine Bank of Communications (PBCOM) Senior Vice President and Treasurer Alan E. Alienza, PBCOM Vice Chairman Leonardo B. Dayao, PBCOM President and CEO Patricia May T. Siy, PBCOM Rural Bank, Inc. Chairman Ramon L. Lim, PDS Group Officer-in-Charge and concurrently Philippine Depository & Trust Corp. President and COO Ma. Theresa B. Ravalo, and Philippine Dealing & Exchange Corp. President and COO Antonino A. Nakpil.



With our Vision, Mission and Values guiding our organization, our clients are assured that PBCOM will work with them towards a bigger and better future. We will be their partner in ensuring that

**Together  
We  
Grow.**



# Our Board of Directors



**Eric O. Recto**  
Chairman of the Board  
and Director



**Lucio L. Co**  
Executive Committee  
Chairman and Director



**Leonardo B. Dayao**  
Vice Chairman  
and Director





**Patricia May T. Siy**  
President & CEO  
and Director



**Carmen G. Huang**  
Executive Director



**Bunsit Carlos G. Chung**  
Director



**Susan P. Co**  
Director



**Levi B. Labra**  
Director



**Ralph C. Nubla, Jr.**  
Director



**Gregorio T. Yu**  
Director



**David L. Balangue†**  
Independent Director  
†(April 29, 2019)





**Jesus S. Jalandoni, Jr.**  
Independent Director



**Roberto Z. Lorayes**  
Independent Director



**Emmanuel Y. Mendoza**  
Independent Director



**Gilda E. Pico**  
Independent Director



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

Mr. Recto, Filipino, 55 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 the Chairman and President of ISM Communications Corporation; Chairman and President of Bedfordbury Development Corporation; Vice Chairman and Director of Atok-Big Wedge Co., Inc.; Vice Chairman of Alphaland Corporation; an Independent Director of Aboitiz Power; Independent Director of PH Resorts Group Holdings, Inc.; President and Director of Q-Tech Alliance Holdings, Inc.; and Supervisory Board Member of Acentic GmbH and Ltd. Prior to joining the Bank, Mr. Recto served as Undersecretary of the Department of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both International Finance Group and the Privatization Office. Before his stint with the government, he was Chief Finance Officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University, USA. Total No. of Direct Shares – 50,459,424 – 10.50%



**LEONARDO B. DAYAO**  
Vice Chairman  
and Director

Mr. Dayao, Filipino, 75 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 of Catuiran Hydropower Corporation, Fertuna Holdings Corp., Kareila Management 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, NE Pacific Shopping Centers

Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., San Jose City I Power Corp., Union Energy Corporation; Vice-President of Alerce Holdings Corp., Bellagio Holdings, Inc., KMC Realty Corporation, Puregold Properties, Inc., Union Equities, Inc., VFC Land Resources, Inc.; and Director of Canaria Holdings Corporation, Entenso Equities Incorporated, Karayan Hydropower Corporation and Puregold Realty Leasing & Management, Inc. He 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. Total No. of Direct Shares – 10,001 – 0.00%



**LUCIO L. CO**  
Executive Committee Chairman  
and Director

Mr. Co, Filipino, 64 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 and President of 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, NE Pacific Shopping Centers Corporation, P.G. Holdings, Inc., 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.. He is also a Director of the following privately-owned companies: Catuiran Hydropower Corporation, Kareila Management Corp., League One Finance and Leasing Corporation, Meritus Prime Distributions, Inc., Montosco, Inc., Nation Realty, 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 (Formerly: Alphaland Makati Tower, Inc.). 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. Total No. of Direct and Indirect Shares – 93,120,705 – 19.37%



**PATRICIA MAY T. SIY**  
President and Chief Executive Officer,  
Director

Ms. Siy, Filipino, 58 years old, was elected Director, President and Chief Executive Officer on June 1, 2015. 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 31 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. Total No. of Direct Shares – 100 – 0.00%



**CARMEN G. HUANG**  
Executive Director

Ms. Huang, Filipino, 68 years old, was elected Executive Director on April 29, 2015. She obtained both her Bachelor of Arts in Mathematics and Bachelor of Science in Accountancy at St. Scholastica's College Manila, and completed the academic requirements for Master in Business Administration at the Ateneo Professional School. In the past, she held various critical management positions in both government and private financial institutions. Ms. Huang is a Certified Public Accountant. Total No. of Direct Shares – 500 – 0.00%





**BUNSIT CARLOS G. CHUNG**  
Director

Mr. Chung, Filipino, 68 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, Toson Foods Corporation, PBCorn Finance Corporation, State Investment, 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 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. Total No. of Direct and Indirect Shares – 1,000,010 – 0.20%



**SUSAN P. CO**  
Director

Mrs. Co, Filipino, 61 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 of Tower 6789 Corporation (Formerly: Alphaland Makati Tower, Inc.) and Director of the following privately-owned companies: Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Kareila Management Corp., KMC Realty Corp., Meritus Prime Distributions, Inc., Montosco, Inc., Nation Realty, Inc., NE Pacific Shopping Center Corporation, P.G. Holdings, Inc., Patagonia Holdings Corp., PPCI Subic Inc., Premier Wines and Spirits, Puregold Duty Free (Subic), Inc., Puregold Duty Free, 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. Mrs. Co received a Bachelor of Science Degree in Commerce from the University of Santo Tomas. – Total No. of Direct and Indirect Shares – 93,027,585 – 19.35%



**LEVI B. LABRA**  
Director

Mr. Labra, Filipino, 60 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. Total No. of Direct Share – 100 – 0.00%



**RALPH C. NUBLA, JR.**  
Director

Mr. Nubla, Filipino, 67 years old, was elected Director on March 24, 1982. He is a Director of PBCOM Finance Corporation, Director and President of R. Nubla Securities, Echague Realty Corporation and RN Realty Corporation. Mr. Nubla has more than 30 years of experience in banking being an Executive Director of the Bank in 2004, Senior Vice President in 1982, Vice Chairman in 2000 and Chairman of the Board in 2010. He was formerly President of CNC Investment Inc. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Commerce. Total No. of Direct Shares – 51,779,374 – 10.77%



**GREGORIO T. YU**  
Director

Mr. Yu, Filipino, 60 years old, was elected Director on July 26, 2011. At present, Mr. Yu is Chairman of the Board of Auto Nation Group Inc., CATS Automobile Corporation and American Motorcycles, Inc. and

Vice Chairman of the Board and Chairman of the Executive Committee of Sterling Bank of Asia. He is also a Director of ISM Corporation, Alphaland Corporation, Philippine Airlines, PAL Holdings, Inc., CATS Asian Cars, Inc., PhilEquity Management Inc., Vantage Equities Inc., E-Business Services, Inc., Unistar Credit and Finance Corporation, Prople BPO Inc., Glyph Studios, Inc., WSI Corporation, Nexus Technologies and Jupiter Systems Corporation. Mr. Yu is a Board Member of Ballet Philippines and The Manila Symphony Orchestra. In the past, he was a member of the Board of Trustees of Xavier School Inc., and Chairman, Ways and Means of Xavier School Educational and Trust Fund, a member of the Board of Trustees of the Government Service Insurance System, President & CEO of Belle Corporation, Vice Chairman of APC Group and Philippine Global Communication. He was formerly a director of CATS Motors Inc., International Exchange Bank, PhilEquity Fund Inc., Filcredit Finance, Yehey Corporation, iRemit, iRipple, RS Lim & Co., and a Director and Vice President at Chase Manhattan Asia Limited. Mr. Yu graduated Summa Cum Laude with a degree of Bachelor of Arts in Economics from De La Salle University and holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania. Total No. of Direct Shares – 1,432,692 – 0.30%



**DAVID L. BALANGUE†**  
Independent Director

Mr. Balangue, Filipino, 67 years old, was elected Independent Director on April 7, 2014. He is presently Director of Phinma Energy Corporation, Phinma Power Generation Corporation, Subic One Power Generation Corporation, Roxas Holdings, Inc., Holcim Philippines, Inc., Maybank ATR Kim Eng Capital Partners, Inc., ATR Asset Management, Inc., ATRAM Trust Corporation, Unistar Credit & Finance Corporation, Omnipay, Inc. and Broadband Everywhere Corporation. He is also Chairman and President of Makati Center Estate Association and Makati Parking Authority, Inc. In the past, he served as Chairman and Managing Partner of Sycip Gorres Velayo & Co. and Chairman of the Philippine Financial Reporting Standards Council, National Movement for Free Elections (NAMFREL), and the Philippine Center for Population and Development, Inc. He obtained his Bachelor of Science in Commerce Major in Accounting (Magna Cum Laude) at the Manuel L. Quezon University and his Master in Management (With Distinction) at the Kellogg School of Management, Northwestern University in Evanston, Illinois, USA. Mr. Balangue is a Certified Public Accountant, having placed 2nd in the 1972 CPA Board Examination. Total No. of Direct Shares – 50 – 0.00% †(April 29, 2019)





**JESUS S. JALANDONI, JR.**  
Independent Director

Mr. Jalandoni, Filipino, 61 years old, was elected Independent Director on January 28, 2013. He is currently Director of Liberty Flour Mills, Personal Computer Specialists, Inc., as well as Chairman and President of Alegria Development Corporation. He is also the Executive Vice President and Treasurer of Enterprise Car Lease Phils. Inc., President of LFM Properties Corporation, Valueline Realty & Development Corporation, Buendia Offices Condominium Corporation and The Second Mid-land Offices Condominium Corporation and Treasurer of JM & Co. Inc. He is the President of Kanlaon Development Corporation, Jayjay Realty Corporation and Kanlaon Farms, Inc. Mr. Jalandoni holds a Bachelor of Science degree in Business Management major in Economics at Simon Fraser University, Burnaby, British Columbia. Total No. of Direct Shares – 10 – 0.00%



**ROBERTO Z. LORAYES**  
Independent Director

Mr. Lorayes, Filipino, 75 years old, was elected Independent Director on October 24, 2014. He is currently Chairman of the Board of PhilEquity Management, Inc., Director of Vantage Equities, Inc., E-biz Corporation, Strategic Equities Corporation and House with No Steps Foundation. Mr. Lorayes obtained his Bachelor of Science degree in both Commerce and Liberal Arts at De La Salle University and Masters in Business Management at the Ateneo De Manila University. Total No. of Direct Shares – 500 – 0.00%



**EMMANUEL Y. MENDOZA**  
Independent Director

Mr. Mendoza, Filipino, 54 years old, was elected Independent Director on December 19, 2014. He is currently the Managing Partner of Mendoza Querido & Co., (a member firm of Moore Stephens International Limited) and President of MQ Agri Unlimited Inc. He is also the Chairman of the Audit Committee of the Philippine Institute of Certified Public Accountants. 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. Total No. of Direct Shares – 100 – 0.00%



**GILDA E. PICO**  
Independent Director

Ms. Pico, Filipino, 72 years old, was elected Independent Director on February 22, 2017. She is currently Chairman of the Board of Producers Savings Bank where she was formerly a Director/Consultant. She also sits as Chairman/Director of the following acquired banks of Producers Savings Bank while awaiting Bangko Sentral ng Pilipinas ("BSP") approval for the merger: A) Chairman/Director: 1) Rural Bank of Pamplona (Camarines Sur), Inc.; 2) Rural Bank of Barotac Nuevo, Inc.; 3) Rural Bank of Sibalom (Antique), Inc.; B) Director: 4) Bangko Rural ng Pasacao (Camarines Sur) Inc.; 5) Bangko Rural ng Magarao (Camarines Sur), Inc.; 6) Rural Bank of San Fernando (Camarines Sur), Inc.; and 7) Rural Bank of President Quirino (SK), Inc. Ms. Pico is also connected with Mariner 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 Director/Chairman in various government and private institutions engaged in leasing, realty, insurance, guarantees, microfinancing, rural and development banking from 1985 to 2016. Ms. Pico obtained her Bachelor of Science degree in Commerce in 1966 from 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



**HENRY Y. UY**  
Board Adviser

Mr. Uy, Filipino, 71 years old, was appointed Board Adviser on June 1, 2015. He is the Chairman Emeritus of the Board of PBCOM Rural Bank, Inc. and the Chairman of PBCOM Finance Corporation. Mr. Uy also held various positions with the Bank as President & CEO from October 2010 to July 2012, Executive Director from August 2004 to November 2005 and Vice Chairman of the Board from August 2012 to May 2015. He was a Director of the Bank from July 1986 to May 2015. He is also the Vice President of Echague Realty Corporation since 1992. Mr. Uy holds a Bachelor of Science degree Major in Business Administration from De La Salle University in 1970 where he graduated Magna Cum Laude. He obtained his Masters in Business Administration from De La Salle University in 1975. Total No. of Direct Shares – 10 – 0.00%



**ANGELO PATRICK F. ADVINCULA**  
Corporate Secretary

Mr. Advincula, Filipino, 48 years old, was elected Corporate Secretary on October 24, 2014. He is currently a Senior Partner at Zambrano Gruba Caganda and Advincula Law Offices, Director of Da Vinci Capital Holdings, Inc., and ZG Global Advisors Corporation. Mr. Advincula holds a Bachelor of Arts degree in Philosophy and a Bachelor of Laws both from the University of the Philippines. He is a Member of the Philippine Bar. Total No. of Direct Shares – 0 – 0.00%



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

Mr. Lao, Filipino, 35 years old, was elected Assistant Corporate Secretary and Corporate Information Officer on November 30, 2014. He is currently a Partner at Zambrano Gruba Caganda and Advincula Law Offices. Mr. 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. Total No. of Direct Shares – 0 – 0.00%





## Our Management Team



**Patricia May T. Siy**  
President and CEO



**John Howard D. Medina**  
Chief Operating Officer, EVP



**Delbert S. Ang It**  
Head of Branch Banking  
Group, SVP



**Alan E. Atienza**  
Treasurer and Head of  
Treasury Group, SVP



**Ricardo R. Mendoza**  
Head of Consumer Finance  
Group, SVP





**Josephine G. Cervero**  
Chief Trust Officer and Head of Trust  
& Wealth Management Group, SVP



**Arlene M. Datu**  
Comptroller and Head of  
Finance Group, SVP



**Expedito G. Garcia Jr.**  
Head of Transaction Banking and  
Customer Contact Center Group, SVP



**Jane L. Laragan**  
Head of General Services  
Group, SVP



**Jorge Alfonso C. Melo**  
General Counsel and Head of  
Legal Services Group, SVP



**Daniel M. Yu**  
Head of Global Operations  
Group, SVP



**Lorelle Paula B. Arjonillo**  
Head of Enterprise Risk  
Management Group, FVP



**Jeruel N. Lobien**  
Chief Audit Executive and Head  
of Internal Audit Group, FVP



**Mina F. Martinez**  
Head of Human Resources  
Group, FVP



**Ariel A. Roda**  
Chief Information Officer & Head of  
Information Technology Group, FVP



**Joan Iris T. Leon**  
Head of Performance  
& Project Management, VP



**Belle Rosamond D. Justiniani**  
Head of Marketing, AVP



**Marichelle B. Poyaoan**  
Data Protection Officer and  
Head of Customer Protection  
& Experience Management, AVP



**Ramon L. Lim**  
Chairman  
PBCOM Rural Bank Inc.



**Enrique L. Navarro**  
President & CEO  
PBCOM Rural Bank Inc.



**JOHN HOWARD D. MEDINA**  
**Chief Operating Officer, EVP**

Mr. Medina, Filipino, 49 years old, joined PBCOM in 2017 and has over twenty-five 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 at 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.

**DELBERT S. ANG II**  
**OIC of Branch Banking Group, SVP**

Mr. Ang II, Filipino, 42 years old, joined PBCOM in 2017 and has over 20 years of experience in Retail and Branch Banking, Sales and Operations Management, Strategic Management and Execution, Bancassurance and Product Development from both foreign and local Banks. Mr. Ang II obtained his Bachelor of Science in Management and Entrepreneurship from San Beda College.

**ALAN E. ATIENZA**  
**Treasurer and Head of Treasury Group, SVP**

Mr. Atienza, Filipino, 48 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 the Money Market Association of the Philippines (MART). Mr. Atienza obtained his Bachelor of Arts in Economics and holds a Master of Business Administration degree from San Sebastian College.

**JOSEPHINE G. CERVERO**  
**Chief Trust Officer & Head of Trust & Wealth Management Group, SVP**

Ms. Cervero, Filipino, 59 years old, joined PBCOM in 2018 and has 13 years of experience in Product Management and research, and over 24 years of experience in Trust Services and Wealth Management. She went through certification programs namely: Certified Financial Consultant, Chartered Wealth Manager, Accredited Investment Fiduciary of the Asia Pacific Fiduciary Studies, Registered Financial Planner and 1-year Course in Trust Operations. Ms. Cervero obtained her Bachelor of Science major in Biology from the University of the Philippines, Diliman, and holds a Master of Business Administration minor in Finance from De La Salle University. She served as a member of the Board of Directors for the Trust Officers Association of the Philippines (TOAP) for several years. Currently, she is serving as a Director of the Board for the Trust Institute Foundation of the Philippines (TIFP).

**ARLENE M. DATU**  
**Comptroller and Head of Finance Group, SVP**

Ms. Datu, Filipino, 60 years old, joined PBCOM in 2013 and has over 38 years of banking experience gained from local and foreign banks. She has extensive exposure in Financial Accounting, Management Profitability Reporting and Analysis, Regulatory Compliance, Operations, Risk and Audit. Ms. Datu obtained her Bachelor of Science major in Accounting from the Polytechnic University of the Philippines.

**EXPEDITO G. GARCIA, JR.**  
**Head of Transaction Banking & Customer Contact Center Group, SVP**

Mr. Garcia, Filipino, 51 years old, joined PBCOM in 2015 with over 28 years of extensive management and banking experience, with the last 17 years spent in a senior supervisory role. He has a strong background in Corporate Cash Management and Managing and Developing Electronic Banking Channels with exposure to both corporate and retail markets. Mr. Garcia obtained his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering and a 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 in the UK.

**JANE L. LARAGAN**  
**Head of General Services Group, SVP**

Atty. Laragan, Filipino, 51 years old, joined PBCOM in 2016 and has 20 years of experience in various Departments: Legal, Human Resources, General Services, Compliance and Risk. Atty. Laragan obtained her Bachelors Degree in Commerce Major in Economics, and Bachelors Degree in Law from the University of Santo Tomas.

**JORGE ALFONSO C. MELO**  
**General Counsel and Head of Legal Services Group, SVP**

Atty. Melo, Filipino, 45 years old, joined PBCOM in 2016 and has over 21 years of experience practicing law with major Metro Manila law firms, specifically in the Banking, Corporate Law and Dispute Resolution sectors. Atty. Melo obtained his Bachelor of Science major in Legal Management, Juris Doctor from Ateneo De Manila University.

**RICARDO R. MENDOZA**  
**OIC of Consumer Finance Group, SVP**

Mr. Mendoza, Filipino, 47 years old, joined PBCOM in 2012 with over 25 years working experience in the consumer loans business in the fields of sales, portfolio management, credit operations, collections and remedial management. Mr. Mendoza obtained his Bachelor of Science in Electronics and Communications Engineering from De La Salle University.

**DANIEL M. YU**  
**Head of Global Operations Group, SVP**

Mr. Yu, Filipino, 64 years old, joined PBCOM in 2015 with over 40 years of banking experience in various positions including Accounting, Branch Banking, Receivable and Trade Financing, Transaction Banking, Credit, Loans, ATM, Cash and Clearing Operations. Mr. Yu is a Certified Public Accountant (CPA) and obtained his Liberal Arts major in Behavioral Science and Bachelor of Science in Commerce major in Accounting from De La Salle University.

**LORELLEI PAULA B. ARJONILLO**  
**Head of Enterprise Risk Management Group, FVP**

Ms. Arjonillo, Filipino, 55 years old, joined PBCOM in 2019 with over 30 years of experience in the financial industry covering Risk Management, Treasury, Capital Markets, SME Lending, Central Banking and Credit Guarantee. Ms. Arjonillo obtained her Masters in Business Administration from the University of the Philippines, Diliman.

**JERUEL N. LOBIEN**  
**Chief Audit Executive and Head of Internal Audit Group, FVP**

Mr. Lobien, Filipino, 41 years old, joined PBCOM in 2014 with over 20 years of Internal/External Audit and Finance experience in banking, advertising, fast moving consumer goods, and pharmaceutical industries. Mr. Lobien obtained his Bachelor of Science in Business Administration and Accountancy from the University of the Philippines, Diliman (Cum Laude) and has an Executive Master in Business Administration from the Asian Institute of Management. He is also a Certified Public Accountant, a Certified Internal Auditor and has a Certification on Controls Self-Assessment from the Institute of Internal Auditors.

**MINA F. MARTINEZ**  
**Head of Human Resources Group, FVP**

Ms. Martinez, Filipino, 56 years old, joined PBCOM in 2015 with 35 years of Human Resource Management experience gained from the Construction, Manufacturing, Banking and Retail industries. She specializes in Policy Development and Documentation, Employee and Labor Relations, Workforce Planning, Performance Management, and Training & Development. Ms. Martinez obtained her Bachelor of Arts in Mass Communications from Far Eastern University and completed all academic units for Master of Business Administration at Colegio de San Juan de Letran, Manila.



**ARIEL A. RODA**

**Chief Information Officer and Head of Information Technology Group, FVP**

Mr. Roda, Filipino, 56 years old, joined PBCOM in 2018 with over 30 years Information Technology experience in creating, managing, and transforming IT environments for large publicly-listed corporations in the energy, telecommunications, gas & oil, mobile solutions, and global IT consulting industries. Mr. Roda obtained his Bachelor of Arts in Philosophy from the University of the Philippines, Diliman.

**JOAN IRIS T. LEON**

**Head of Performance and Project Management, VP**

Ms. Leon, Filipino, 40 years old, joined PBCOM in 2015. She has over 15 years of experience in the fields of Analytics, Corporate Planning and Project Management gained from various industries with particular focus on Banking and Finance. Ms. Leon obtained her Bachelor of Science in Management from the University of Nevada at Reno and holds a Master of Business Administration from Newcastle Business School.

**BELLE ROSAMOND D. JUSTINIANI**

**Head of Marketing, AVP**

Ms. Justiniani, Filipino, 44 years old, joined PBCOM in 2013 with over 15 years of Marketing experience in Brand, Event and Project Managements, PR and Communications and Market Understanding. She handled key positions in the retail, hospitality, telecommunications, international publications and technology industries. Ms. Justiniani obtained her Bachelor of Arts in Sociology from the University of the Philippines, Los Banos.

**MARICHELE B. POYAOAN**

**Data Privacy Officer and Head of Customer Protection & Experience Management, AVP**

Ms. Poyaoan, Filipino, 44 years old, joined PBCOM in 2016 with over 20 years of Customer Service, Sales and Training experience in Banking, Telecommunications, Hotel and Gaming Industries. She has extensive exposure in relationship management, process improvement and service delivery. Ms. Poyaoan obtained her Bachelor of Arts major in Human Resources Management from De La Salle University, College of St. Benilde.

**RAMON L. LIM**

**Chairman, PBCOM Rural Bank Inc.**

Mr. Lim, Filipino, 67 years old, joined PBCOM in 2015 with over 40 years of extensive knowledge in the domestic and global fixed income, foreign exchange and equities markets, 14 years of which earned him exposure and experience in major financial centers having been posted in New York, Taipei and Hong Kong by an American bank with a global network. Apart from his expertise in the treasury business, he was also exposed to different areas of banking such as Trust and Audit. Mr. Lim obtained his Bachelor of Science in Commerce major in Accounting from University of San Carlos, Cebu City, and his Master in Business Management from Asian Institute of Management, Makati City. He is currently a Fellow of the Institute of Corporate Directors.

**ENRIQUE L. NAVARRO**

**President and CEO, PBCOM Rural Bank Inc.**

Mr. Navarro, Filipino, 68 years old, joined PBCOM in 2018. He has been an Independent Director of two rural bank subsidiaries of PBCOM from 2015 to 2018. He has an extensive experience in natural and social science research, technology sharing, microfinance and community development, human resources management, organizational development and institution management in local and international organizations. Mr. Navarro obtained his PhD in Management from Colegio de San Juan de Letran, Calamba.





## Our Senior Officers

### PRESIDENT

Siy, Patricia May Tan

### EXECUTIVE VICE PRESIDENTS

Medina, John Howard Dueco

### SENIOR VICE PRESIDENTS

Ang It, Delbert Sioson  
Atienza, Alan Evediano  
Cervero, Josephine Garcia  
Datu, Arlene Macarandan  
Garcia, Expedito Jr. Garcia  
Laragan, Jane Lim  
Melo, Jorge Alfonso Cruz  
Mendoza, Ricardo Ramos  
Yu, Daniel Moreno

### FIRST VICE PRESIDENTS

Advincula, Angelo Patrick Franco  
Arjonillo, Lorelei Paula Boquiren  
Cruz, Teresita Santos  
Go, James Yu  
Hernando, Margaret Yu  
Lobien, Jeruel Nazareno  
Martinez, Mina Francisco  
Navarro, Henry Jesus Silva  
Roda, Ariel Alvarez  
Vinluan, Evelyn Diaz

### VICE PRESIDENTS

Alday, Dennis Bautista  
Ambrocio, Hermelita Hernandez  
De Guzman, Ma. Sonia Robles  
Galvez, Sandra Michelle Berrei  
Gutierrez, Jerome Perez  
Hao, Rose Mary Co  
Joaquin, Rodrigo Jr. Duque  
Kimpoo, Cherry Ann Vanessa Barasi  
Ladaban, Justin Robert Gabriel  
Lagdameo, Rowena Pinlac  
Lagunzad, Consorcio Luz Gagni  
Leon, Joan Iris Torio  
Lim, Lillian Lucente  
Luy, Aaron Jay Tiu

Marcelino, Katherine Santos  
Medina, Guia De la Rosa  
Medrero, Michael Tenebro  
Nieto, Maria Minerva Alameda  
Pua, Michael Zee  
Sahagun, Frederick Sison  
Tonio, Ma. Monette Cabetingan  
Yu, Alice Choa

### SENIOR ASSISTANT VICE PRESIDENTS

Cruz, Proserfina Arceo  
Dayan, Dennis Retubis  
Lee, Gerard Gapan  
Lichauco, Christopher Cainto  
Romero, Mary Ann Cardenas  
Santos, Gerardo Taruc  
Tambuyat, Lav Esteban  
Wong, Kristine Lotilla

### ASSISTANT VICE PRESIDENTS

Abunan, Inocencio Joven Calip  
Arboleda, Gretchen Marie Villarica  
Ariola, Alexie Hernandez  
Botor-Jaranilla, Maria Judessa Ulorin  
Caccdac, Emmanuel Geminiano  
Cadiz, Raymund Cariaso  
Cajucum, Amor Francisco  
Caparas, Concepcion Dela Cruz  
Castillo, Rolando Enriquez  
Chan, Irwyn Deopita  
Cheng, Alice Ang  
Cheng, Vanessa Sy  
Chiong, Julio Mabasa  
Chu, Shan Shan Ng  
Chua, Yolanda Yee  
Chua, Gloria Ong  
Co, Grace Ong  
Co, Jane Yu  
Culaba, Nilo Lu-Ang  
Daug Daug, David III Presas  
Dimaculangan, Myra Geronimo  
Egalin, Angelita Uy  
Eleria, Rommel Sipin  
Escalante, Melissa Arellano  
Fajardo, Anthony Flores

Fredeluces, Rizalina Lorenzo  
Geronimo, Maria Rosario Cruz  
Giducos, Abram Canete  
Go, Chester Benedict Uy  
Gochangco, Rene Halili  
Guzman, Josephine Ting  
Justiniani, Belle Rosamond Dylco  
Lagula, Ma. Rosario Ng  
Lamberte, Benito Manalo  
Lao, Michael Stephen Hui  
Lee, Jennielyn Co  
Lee, Annabel Cheng  
Lobrio, Teresita Patrocinio  
Lopez, Jose Javier Diokno  
Mallari, Mario Cornelio Justo  
Maximo, Lizette Anne Sevilla  
Muniz, Joel Castillo  
Nasol, Severino Dumandal  
Ng, Sherwin Juan  
Niosco, Michiko Yano  
Ong, Russell Lee  
Pedro, Jaypee Orlando Cueto  
Perez, Ana Marie Ocampo  
Pineda, Napoleon Jr Navarro  
Pinza, Gina Dimasangal  
Posadas, Michael Lawrence San Buenaventura  
Poyaoan, Marichelle Borja  
Quitoriano, Donabel Encabo  
Refuerzo, John Paul Merida  
Sanchez, Jaime Jr. Bengzon  
Santos, Moises Germel Simolde  
Soriano, Victoria Vega  
Tan, Melly Chua  
Tychuaco, Irwin Joseph Tan  
Varona, Jose Jr. Heredia  
Velasquez, Gerundio Jr. Garcia  
Velasquez, Misael Dela Merced  
Wong, Lillian Chan  
Young, Christian Irving Buenagua



# Our Business



We structured the business segments in line with our philosophy of client care and satisfaction. At every business size or at an individual level, PBCOM provides holistic integrated solutions that can fulfill your diverse needs. We have targeted them towards areas where we can best deliver value. But as we grow as a company, we also endeavor to evolve with you and your aspirations.

## CORPORATE & COMMERCIAL BANKING

The Corporate & Commercial Banking Group supports customers ranging from small to medium enterprises and large corporates, with tailored financial products and services to enable them to reach their full potential in the industries and communities within which they operate. The Group provides short-term loans, term loans, domestic & international trade facilitation, and foreign exchange services, as well as, develop customized financial solutions that include project financing for medium and large corporates.

### CORPORATE LOANS

- Short-Term Loan
  - Working Capital Loan
  - Trade Check Discounting
  - Trade Finance Receivable
  - Letter of Credit / Trust Receipt
  - Export Bills Purchase / Export Packing Credit
  - Standby Letter of Credit
- Term Loan
  - Real Estate Development
  - Project Finance

## TREASURY

Treasury Group manages the asset and liability position of the Bank ensuring adequate liquidity and funding to the Bank's Retail, Corporate and Consumer Banking Segments. It also executes the strategies for the Bank's proprietary trading activities for both local and foreign Fixed Income and Foreign Exchange markets. Treasury also provides the Bank's qualified clients access to financial products for investments and/or hedging foreign exchange or interest rate risks.

### TREASURY

- Deposit Substitutes
  - Promissory Notes
  - Repurchase Agreements
- Fixed Income
  - Commercial Papers
  - Corporate Bonds
  - Fixed Rate Treasury Notes
  - Foreign Currency Denominated Republic of the PH Bonds
  - Global Sovereign Bonds
  - Retail Treasury Bonds
  - Treasury Bills
  - US Treasuries
- Foreign Exchange
  - FX Forward Contracts
  - FX Spot

## TRUST & WEALTH MANAGEMENT

Trust and Wealth Management Group has different investment arrangements or products that can suit the needs of the market. For individual clients, PBCOM offers a wide range of Trust services like: Unit Investment Trust Funds (UITFs) for the retail investors, Personal Management Trusts for those who want to plan for the future and current needs; and, Investment Management Arrangement (IMA) for the more sophisticated investors who want to maximize returns. While institutional accounts are supported through its portfolio management services for Retirement Funds and Institutional IMAs. Escrow Arrangements and other fiduciary services are available to complement financial issuances or other safekeeping structures.

### TRUST & WEALTH MANAGEMENT

- Investment Management Accounts
- Escrow Accounts
- Personal Management Trust Services
- Provident and Retirement Fund
- Unit Investment Trust Funds (UITFs)
  - Best Balanced Fund
  - Money Market Fund
  - Value Equity Fund

## TRANSACTION BANKING & CUSTOMER CARE

Transaction Banking & Customer Care is responsible for managing the Bank's client-facing digital infrastructure and developing a roadmap for technology driven products and services that supports the business needs and growth of the Bank. The segment serves both retail and institutional clients; offering cash management solutions and other products and services that extend the clients' capability to perform banking transactions across alternative channels.

### TRANSACTION BANKING

- Corporate Check Printing
- Debit Cards
- Cash Cards
- Cash Collection and Delivery Service
- Managers Check Printing
- Payroll Service
- Payroll Software Solution
- Post Dated Check Warehousing Solution
- POP Business – Corporate Cash Management Facility
- POP Personal – Retail Internet and Mobile Banking Facility
- Facilities via BancNet for Business Accounts
  - BIR eFPS
  - POS Bancnet Debit Card Acquiring
  - POS Cash Back Solution
  - SSS via eGov Facility
  - Bills Payment Services
  - e-Merchant Services

## RETAIL BANKING GROUP

The Retail Banking group is composed of two (2) major business groups: the Branch Banking and Consumer Finance groups.

## BRANCH BANKING

The Branch Banking Group consists of Branch Sales handled by Business Managers and their Area Heads across the country; and Branch Service, consisting of Service or Cash Officers and their Service Associates. They are backed up by MIS, Process and Systems Support, Transaction Banking Support, People Development and Product Marketing and Development. The Group is focused on funds generation, consumer, SME and commercial loans, cash management solutions, and overall growth and development of the Branch footprint nationwide.

## CONSUMER FINANCE

The Consumer Finance Group provides practical loan solutions that balance quality and affordability. The group focuses in offering clients complete loan products and packages that meet their financial needs at every touchpoint.

### DEPOSIT

- Quick Cash Account
- Regular Savings Account
- Pensionado (SSS Pensioner)
- Regular Checking Account
- Value Check Account
- IntegrALL Account
- Regular Time Deposit
- Passbook Time Deposit
- Premium Medium Term Time Deposit
- Sure Earner 5-Year Time Deposit
- Dollar Savings Account
- Dollar Time Deposit
- Euro Savings Account
- Euro Time Deposit

### ANCILLARY SERVICES

- Acceptance of BIR and Bureau of Customs payments
- Demand Draft
- Gift Checks
- Manager's Checks
- Purchase and Sale of Foreign Currency
- Safe Deposit Boxes

### REMITTANCES

- Domestic Peso Transfer (RTGS)
- Domestic US Dollar Transfer (PDDTS)
- Incoming Telegraphic Transfer
- Outgoing Telegraphic Transfer
- PesoNet

### CONSUMER LOANS

- Auto Loan
- Home Loan
- Personal Loan
- Salary Loan



# Our Branch & ATM Network



## OUR BRANCHES METRO MANILA REGION

### ANNAPOLIS

Unit 101 Victoria Plaza Condominium  
41 Annapolis St., Greenhills, San Juan

### AYALA – ALABANG

Unit 101 ALPAP II Bldg. Trade cor.  
Investment Drive, Madrigal Business Park  
Alabang, Muntinlupa City

### BINONDO BANKING CENTER

214-216 Juan Luna St., Binondo, Manila

### BMA

64 Web-Jet Bldg. Quezon Ave. BMA St.  
Brgy. Tatalon, Quezon City

### CAINTA

LGF 04 & 05, CK Square Bldg.  
Ortigas Ave. Ext. cor. Sunset Drive, Cainta, Rizal

### CALOOCAN

298 Rizal Ave. Ext., bet. 5th and 6th Ave.  
Grace Park, Caloocan City

### CONGRESSIONAL AVENUE

8 Congressional Ave.  
Barangay Bahay Toro, Quezon City

### CORINTHIAN GARDENS

Sanso St., Corinthian Gardens, Quezon City

### CUBAO

2F, The Spark Place, P. Tuazon cor.  
10th Ave., Cubao, Quezon City

### DIVISORIA MALL

3/F Divisoria Mall, Tondo, Manila

### ECHAGUE

88-90 Carlos Palanca cor.  
Isla de Romero St., Quiapo, Manila

### ELCANO

SHC Tower, 613 Elcano St.  
San Nicolas, Manila

### F1 BGC

G/F F1 Hotel Building Lane A cor.  
Lane Q, Bonifacio Global City, Taguig

### GREENHILLS

Quadstar Bldg., Ortigas Ave., Greenhills  
San Juan, Metro Manila

### INOZA TOWER

G/F Inoza Tower, 40th Street  
North Bonifacio Global City, Taguig City

### J.P. RIZAL

G/F Santini Corporation Bldg.  
No. 519 J.P. Rizal Ave.  
Brgy. Olympia, Makati City

### LEGASPI VILLAGE

G/F Vernida 1 Condominium,  
120 Amorsolo St. Legaspi Village, Makati City

### LIBIS

G/F Unit F, Aspire Tower, Novu City  
150 E. Rodriguez Jr. Avenue corner Calle Industria,  
Bagumbayan, Quezon City

### M. DE SANTOS

G/F LCCK Bldg., M. De Santos St., cor.  
Tabora St., Divisoria, Manila

### MAKATI BANKING CENTER

PBCOM Tower, 6795 Ayala Ave. cor.  
V.A. Rufino St., 1226 Makati City

### MAKATI PLACE

GF Unit C-15, Alphaland, Makati Place  
Ayala Ave. cor. Malugay St., Makati City

### MALABON

Unit Nos. 1 & 2 G/F Robinsons Town Mall  
#5 Governor Pascual Ave. cor.  
Crispin St., Tinajeros, Malabon City

### MARIKINA

36 J.P. Rizal St., Calumpang, Marikina City

### MASANGKAY

1004-1006 G. Masangkay St., Binondo,  
Manila

### MERALCO AVENUE

C-1 Horizon Condominium  
Meralco Avenue, Ortigas Center, Pasig City

### ONGPIN

729 Ongpin St. cor. S. Padilla St.  
Sta. Cruz, Manila

### PADRE RADA

G/F 951 Juan Luna St., Tondo, Manila

### PARAÑAQUE

Stall Nos. 3 & 4 Kingsland Bldg.  
Dr. A. Santos Ave., Sucat, Parañaque City

### PASAY

2492 Taft Ave. Ext., Pasay City

### PIONEER

G/F RFM Corp. Center, Pioneer cor.  
Sheridan St., Mandaluyong City

### QUEZON AVENUE

APC Bldg., 1186 Quezon Ave., Quezon City

### S&R COMMONWEALTH

Unit 4 GF, S&R Membership Shopping, Inc.  
Commonwealth Ave. Cor. Quirino Hi-way  
Brgy. Kaligayahan, Novaliches, Quezon City

### SALCEDO VILLAGE

G/F Unit Nos. 7 & 8, V Corporate Centre  
LP Leviste St., Salcedo Village, Makati City

### SAN MIGUEL AVENUE

G/F 101 One Magnificent Mile (OMM)  
Citra Condominium, San Miguel Ave.  
Pasig City

### SEN. GIL PUYAT AVENUE

G/F, Oppen Bldg., 349 Sen. Gil Puyat Ave.  
Makati City

### SHAW BLVD.

146 Shaw Blvd. cor. San Roque St., Pasig City

### SOLER

G/F R and S Tower, 943 Soler St.  
Binondo, Manila

### SOUTHGATE MALL

3/F, Alphaland Southgate Mall 2258  
Chino Roces St., cor. EDSA, Makati City

### STA. MESA

440-A G. Araneta Ave. cor. Bayani St.  
Sta. Mesa, Quezon City

### STO. CRISTO

565-567 Sto. Cristo St., Binondo, Manila

### T. ALONZO

G/F, Tan Kiang Bldg. 665 T. Alonzo St.  
Sta. Cruz, Manila

### TIMOG

G/F, Gil-Preciosa Building 2  
No. 75 Timog Ave., Quezon City

### TOMAS MORATO

Unit 2 #12-B, G/F Atherton Place  
Tomas Morato Ave. cor. Don A. Rocas Ave.  
Quezon City

### TUTUBAN

Unit No. PL-LS07 & PL-LS08, Tutuban Center  
Prime Block, C. M. Recto Ave., Tondo, Manila

### U.N. AVENUE

G/F, Unit 101 & 102, Don Alfonso Sycip  
Condominium, 1108 M.H. Del Pilar St.  
cor. U.N. Ave. & Guerero St., Ermita, Manila

### VALENZUELA

246 McArthur Highway  
Karuhatan, Valenzuela City

### WILSON BRANCH

G/F Unit 1B 186 Wilson Street  
San Juan City

## LUZON REGION

### ANGELES

G/F MLT Centre Bldg., Lot 28 Block 2  
McArthur Highway Brgy. Ninoy Aquino  
Angeles City

### BAGUIO

GF Unit 105, 106 & 106-B Baguio Holiday Villas  
10 Legarda Road, Baguio City

### BATANGAS

Diego Silang St., Batangas City, Batangas

### CABANATUAN

G/F SAM Building, Along Maharlika Highway  
Cabanatuan City

### CALAMBA

G/F Walter Mart, National Highway  
Brgy. Real, Calamba, Laguna

**DAGUPAN**

Balingit Bldg., M.H. Del Pilar St., Dagupan City

**DASMARIÑAS**

EVY Bldg., Molino-Paliparan Road Salawag  
Dasmariñas, Cavite

**IMUS**

P. Nueño St., cor. Gaerlan St., Imus, Cavite

**LA UNION**

G/F, CJ Arch Bldg., Quezon Ave.  
San Fernando City, La Union

**LEGAZPI – ALBAY**

G/F Delos Santos Commercial Building  
Landco Business Park, Legazpi City

**LIPA**

G/F, ATDRMAM Laguna Corp. Bldg.  
Ayala Highway Mataas na Lupa  
Lipa City, Batangas

**LUCENA**

G/F, VCII Bldg., Merchan St. Lucena City  
Quezon Province

**MALOLOS**

Malolos Shopping Arcade, Paseo Del  
Congreso Brgy. San Agustin, Malolos, Bulacan

**MEYCAUAYAN**

Mancon Bldg., McArthur Highway  
Barrio Calvario, Meycauayan, Bulacan

**NAGA**

G/F Rodriguez Bldg., 956 Panganiban St. cor.  
Balintawak St., Naga City

**OLONGAPO**

GF YBC Centre Mall  
Rizal Ave. Ext., Olongapo City

**S&R DAU**

G/F Unit 2, S&R Membership Shopping  
Dau NLEX Access Road Brgy. Dau  
Mabalacat City Pampanga

**SAN FERNANDO**

McArthur Highway, Dolores  
City of San Fernando, Pampanga

**SAN PABLO**

65 Rizal Ave., Poblacion, San Pablo, Laguna

**SAN PEDRO**

Puregold San Pedro, Old National Highway  
Cor. Magsaysay St. San Pedro, Laguna

**STA. ROSA**

Unit No. 2, Paseo 5, Phase 2  
Paseo de Sta. Rosa, Greenfield City  
Sta. Rosa, Laguna

**VISAYAS REGION****BACOLOD**

Units A-E, G. Piazza Sorrento Bldg.  
13th and Lacson Sts., Bacolod City

**CEBU BUSINESS PARK**

Unit 1, GF, Mercedes Benz Tower, Mindanao Ave.  
Cebu Business Park, Cebu City

**CEBU MAGALLANES**

Magallanes near cor. Manalili St., Cebu City

**DUMAGUETE**

Unit No. 6, Yala Bldg.  
Calindagan, Dumaguete City

**ILOILO**

Ledesma cor. Valeria St., Iloilo City

**LAPU-LAPU**

G/F Unit 11 Alpha Arcade Bldg., M.L. Quezon Ave.  
National Highway, Lapu-Lapu City

**MANDAUE**

National Highway, Mandaue, Cebu City

**MANGO**

General Maxillom Mango Ave., Cebu City

**ORMOC**

Unit 105, Ground Floor L & R Building  
Bonifacio Street, District 8, Ormoc City, Leyte

**TAGBILARAN**

G/F LTS Building, No. 20 Carlos P. Garcia Ave.  
Tagbilaran City, Bohol

**MINDANAO REGION****CAGAYAN DE ORO**

Tiano Bros. cor. Hayes St., Cagayan De Oro City

**DAVAO MONTEVERDE**

41 T. Monteverde Ave., Davao City

**DAVAO BAJADA**

G/F RAQ Building, J.P. Laurel Ave.  
Bajada, Davao City

**GENERAL SANTOS**

Santiago Blvd., General Santos City

**ILIGAN**

M.H. Del Pilar cor. M. Badelles St.  
J. Luna St., Iligan City

**KORONADAL**

General Santos Drive  
Koronadal South, Cotabato

**QUIRINO-DAVAO**

111 E. Quirino Ave., Davao City, Davao Del Sur

**TAGUM**

Pioneer, Tagum, Davao Del Norte

**ZAMBOANGA**

G/F Interco Bldg., N. S. Valderosa St.  
Zamboanga City

**ZAMBOANGA VETERANS**

BSC Tower (formerly Zamsulu Bldg.)  
GF, Door 5-7, Veterans Ave.  
Zamboanga City

**OUR ATMs****METRO MANILA REGION****999 MALL**

Recto – Soler St., Binondo, Manila

**ALABANG**

Unit 101 ALPAP Bldg. Trace cor. Investment Drive  
Madrigal Business Park Alabang, Muntinlupa City

**ANNAPOLIS**

Unit 101 Victoria Plaza Condominium  
41 Annapolis St. Greenhills, San Juan

**BINDONDO RBC**

214-216 Juan Luna Street, Binondo, Manila

**BMA**

No. 64 Web-Jet Building, BMA St.  
corner Quezon Avenue Quezon City

**CALLE INDUSTRIA-LIBIS**

G/F Unit F, Aspire Tower, Nuvo City,  
150 E. Rodriguez Jr. Avenue corner  
Calle Industria, Bagumbayan, Quezon City

**COMEMBO COMMERCIAL COMPLEX**

J.P. Rizal cor Sampaguita St.  
Comembo, Makati City

**CONGRESSIONAL**

10 Congressional Avenue G/F Lin Chua Bldg.  
Brgy. Bahay Toro, Quezon City

**CORINTHIAN**

Sanso Street, Corinthian Gardens, Quezon City

**CUBAO**

2/F Spark Place, P. Tuazon Ave.  
Cubao, Quezon City

**DLTB-PASAY STATION**

2085 Taft Avenue corner Sen. Gil Puyat Ave.  
San Isidro, Pasay City

**DELOS SANTOS MEDICAL CENTER**

De Los Santos Medical Center  
201 E. Rodriguez Sr. Blvd., Quezon City

**DIVISORIA MALL**

Stall No. 3M-16, ATM No.1 Divisoria Mall  
Tabora St. corner M. De Santos St.  
San Nicholas, Manila

**ECHAGUE BRANCH**

688-90 Carlos Palanca cor. Isla del Romero St.  
Quiapo, Manila

**EL CANO**

SHC Tower, 613 El Cano Street  
San Nicolas, Manila

**EMILIO AGUINALDO COLLEGE**

Emilio Aguinaldo College - Dentistry  
Gen. Luna near corner Taft Avenue, Manila



**F1 HOTEL - BGC**

F1 Hotel Lane Q corner Lane A Road  
Bonifacio Global City, Taguig

**GREENHILLS BRANCH**

Quadstar Bldg., Ortigas Ave.  
Greenhills, San Juan

**INOZA - BGC BRANCH**

G/F Inoza Tower, 40th Street, BGC, Taguig City

**JP RIZAL**

G/F Santini Corporation Building  
No. 519 J.P. Rizal Ave., Barangay Olympia  
Makati City

**KALOOKAN**

298 Rizal Ave., Caloocan City

**LAWSON - PEDRO GIL**

G/F Prima Building, Caruncho Ave., Pasig City

**LEGASPI**

G/F, Vernida Condo, 120 Amorsolo St.  
Legaspi Village, Makati City

**LUNETA SEAFARERS CENTER (LUSWELF)**

Unit 101, Luneta Seafarers Center Lobby  
Luneta Park, T.M. Kalaw cor. Ma. Orosa Sts.  
Ermita, Manila

**M. DE SANTOS**

LCCK Building, M. De Santos St., corner Tabora St.  
Divisoria, Manila

**MAKATI PLACE**

G/F Unit C-15 Alphaland Makati Place  
Ayala Ave., Makati City

**MALABON**

G/F Robinsons Town Mall, Gov. Pascual Cor.  
Crispin St., Brgy. Tinajeros, Malabon City

**MANILA NORTH PORT HARBOR**

Pier 6 road 10 Tondo, Manila

**MARIKINA**

34 J. P. Rizal St., Calumpang Marikina

**MASANGKAY BRANCH**

1004-1006 G.Masangkay St. Binondo Manila

**MAKATI BANKING CENTER**

GF PBCor Tower, 6795 Ayala Ave.  
cor. V.A. Rufino St., Makati City

**MERALCO**

C-1 Horizon Condominium  
Meralco Ave., Pasig City

**ONGPIN BRANCH**

Ongpin cor. Padilla St., Sta Cruz, Manila

**PARANAQUE**

Stall # 3 & 4, Kingsland Building  
Dr. A Santos Ave., Parañaque

**PASAY**

2492 Taft Ave., Extension Pasay City

**PIONEER**

RFM Building Pioneer cor.  
Sheridan St., Mandaluyong City

**PUREGOLD BACLARAN**

Quirino Ave and Evangelista St.  
Baclaran, Pasay City

**PUREGOLD HEAD OFFICE**

Building II, Tabacalera Compound  
#900 Romualdez St., Paco, Manila

**PUREGOLD MAKATI**

No. 35 J.P. Rizal St cor. Del Pan St.  
(near Tejenon), Brgy. Singkamas, Makati City

**PUREGOLD PASO DE BLAS - VALENZUELA**

Lower Ground floor tiange Unit N5  
Paso De Blas cor. Gen. Luis St., NLEX-Valenzuela  
Valenzuela City

**PUREGOLD VALENZUELA**

Puregold Valenzuela, 419 Manila North Rd.  
MacArthur Highway, Dalandanan, Valenzuela City

**QUEZON AVENUE**

APC Building, 1186 Guzon Ave., Quezon City

**RESORTS WORLD MANILA**

Resorts World Manila, G/F Grand Wing  
Newport Blvd., Newport City, Pasay City

**S&R ALABANG**

S&R Entrance West Gate Development  
Filinvest Corporate City, Alabang Zapote Rd.  
Alabang, Muntinlupa City

**S&R ASEANA**

S&R Entrance Bradco Ave.  
Aseana Business Park, Blvd 2000  
Baclaran, Paranaque City

**S&R COMMONWEALTH**

S&R Commonwealth,  
Commonwealth Ave. cor. Quirino Highway  
Novaliches, Quezon City

**S&R CONGRESSIONAL**

S&R Entrance 30 Congressional Ave.  
Ramon Magsaysay, Bago Bantay, Quezon City

**S&R PARAÑAQUE**

S&R Parañaque, Rodriguez St.  
cor. Ninoy Aquino Avenue, Brgy. Sto Niño  
Sucat, Parañaque

**S&R SHAW**

S&R Shaw, 514 Shaw Boulevard  
Mandaluyong City

**SALCEDO VILLAGE**

G/F Unit 7-8 V. Corporate Center  
L.P. Leviste St., Salcedo Village  
Makati City

**SAN MIGUEL AVENUE**

G101 One Magnificent Mile (OMM)  
Citra Condo, San Miguel Ave., Pasig City

**SEN. GIL PUYAT BRANCH**

Sen Gil Puyat St., Makati City

**SHAW BOULEVARD**

146 Shaw Boulevard cor. San Roque, Pasig City

**SHOP AND RIDE - NOVALICHES**

248 Gen. Luis St., Novaliches Proper  
Novaliches, Quezon City

**SOUTHGATE MALL**

3/F Alphaland Mall - 2258 Chino Roces Ave.  
cor. EDSA, Makati City 1231

**STA. MESA**

440-A G. Araneta Ave. cor. Bayani St.  
Sta. Mesa, Quezon City

**T. ALONZO**

G/F Tan Kiang Bldg, 665 T. Alonzo St.  
Sta. Cruz, Manila

**TIMOG**

G/F, Gil-Preciosa Building 2,  
No. 75 Timog Ave., Quezon City

**TOMAS MORATO**

Unit 2 #12-B, G/F Atherton Place  
Tomas Morato cor. Don A. Chino Roces Ave.  
Quezon City

**TOWER 6789**

G/F Tower 6789, Ayala Ave., Makati City

**TUTUBAN**

Tutuban Center C.M. Recto, Manila

**U.N.**

Unit 101-102 Don Alfonso Sycip Condominium  
1108 M. H. del Pilar, cor. U.N Ave. & Guerrero St.  
Ermita, Manila

**VALENZUELA**

246 McArthur Highway Karuhatan  
Valenzuela City

**WILSON BRANCH**

G/F One86 at Wilson, 186 Wilson St.  
San Juan, Metro Manila

**LUZON REGION****ANGELES**

G/F MLT Centre, Lot 28 Block 2  
Ninoy Aquino, Angeles City

**BAGUIO**

Baguio Holiday Villa #10 Legarda Road  
Baguio City

**BALESIN ISLAND**

Balesin Island Resort, Polilio  
Quezon Province

**BATANGAS**

Diego Silang St., Batangas City

**CABANATUAN**

G/F SAM Building along Maharlika Highway  
Cabanatuan City

**CAINTA**

Lower G/F CK Square Bldg., Ortigas Ave. Ext.  
cor. Sunset Drive, Cainta, Rizal

**CALAMBA**

G/F Walter Mart, National Highway cor.  
Real Street, Calamba, Laguna

**CAUAYAN**

Mateo-Patricia Building, along Rizal Ave. Ext.  
Cauayan, Isabela

**DAGUPAN**

Balingit Building, Arellano St., Dagupan City

**DASMARIÑAS**

EVY Bldg. Molino-Paliparan Road, Salawag  
Dasmariñas, Cavite

**IMUS**

P. Nuevo Street cor. Gaerlan St.  
Imus, Cavite

**JESUS OF NAZARETH**

Jesus of Nazareth Multipurpose Coop.  
Hospital Gulod, Itaas, Batangas City

**LA UNION**

Quezon Ave., San Fernando, La Union City

**LEGAZPI**

G/F Delos Santos Commercial Bldg.  
Landco Business Park, Legazpi City

**LIPA**

G/F ATDRMAM Laguna Corp. Bldg.  
Ayala Highway, Mataas na Lupa  
Lipa City, Batangas

**LUCENA**

G/F VCI Building, Merchan St. cor.  
San Fernando St. Lucena City

**MAGIC CENTERPOINT MALL**

G/F Magic Mall Centerpoint – Zamora St.  
Dagupan City

**MAGIC WAREHOUSE**

Magic Group Of Companies (MGC)  
Central Offices and Warehouse, 218 Malued District  
Dagupan City, Pangasinan

**MALOLOS**

Malolos Shopping Arcade, Paseo del Congreso  
San Agustin, Malolos, Bulacan

**MARY MEDIATRIX MEDICAL CENTER**

G/F Mary Mediatrix Medical Center  
Ayala Highway, Mataas Na Lupa  
Lipa City, Batangas

**MEYCAUAYAN**

Mancon Building, McArthur Highway  
Barrio Calvario, Meycauayan, Bulacan

**NAGA**

G/F Rodriguez Building, 956 Panganiban St.  
cor. Balintawak St. Naga City

**OLONGAPO**

G/F YBC Centre Mall, Rizal Ave. Ext.  
Olongapo City, Zambales

**PACITA COMPLEX**

Units 20 and 21, Bldg. 2, Centro Pacita  
Pacita Complex Phase 2, San Pedro, Laguna

**PUREGOLD AMPID - SAN MATEO**

Km 21 Gen Luna St., Gen Luna St.  
Brgy Ampid, San Mateo, Rizal

**PUREGOLD ANABU**

Kiosk # 19 Puregold, Emilio Aguinaldo Highway  
Brgy Anabu, Imus, Cavite

**PUREGOLD BACOR**

Puregold Bacor Branch, Brgy Panapaan 1  
Aguinaldo Highway, Bacor, Cavite

**PUREGOLD GMA**

Puregold GMA Cavite Branch, Brgy. San Gabriel  
Governor's Drive, GMA Cavite

**PUREGOLD LOS BAÑOS**

National Highway, Brgy Batong Malake  
Los Baños, Laguna

**PUREGOLD MOLINO ROAD**

Puregold Price Club, Inc., Molino Road  
Molino 2, City of Bacor, Cavite

**PUREGOLD MONTALBAN**

E. Rodriguez Hi-Way, Brgy. Rosario  
Montalban, Rodriguez, Rizal

**PUREGOLD PACITA COMPLEX**

Pacita Complex Brgy. San Vicente  
San Pedro, Laguna

**PUREGOLD SAN PABLO**

Puregold San Pablo, Cosico St. (1-A)  
Brgy. San Roque, San Pablo City, Laguna

**PUREGOLD TAGAPO**

Puregold Tagapo Branch, Rizal Blvd.  
Tagapo St. Sta. Rosa, Laguna

**PUREGOLD TANZA**

Puregold Tanza Branch, Provincial Rd.  
Tanza Cavite

**PUREGOLD TAYTAY**

346 Rizal Ave., Brgy. San Juan  
Taytay, Rizal

**RBNI-NAGCARLAN**

Rural Bank of Nagcarlan, 692 Jose Coronado St.  
Nagcarlan, Laguna

**RURAL BANK OF SEVEN LAKES**

0102 M. Paulino St., Barangay I-E  
San Pablo City, Laguna

**S&R CABANATUAN**

S&R Cabanatuan Entrance,  
Felipe Vergara Hi-Way, Cabanatuan City  
Nueva Ecija

**S&R DAU**

S&R Dau Entrance, NLEX Access Rd.  
Barangay Dau, Mabalacat City, Pampanga

**S&R IMUS**

S&R Imus, Barangay Anabu 1-D  
Aguinaldo Hiway, Imus, Cavite

**S&R LIPA**

S&R Lipa Entrance, Gov. F. Leviste Highway  
Maraway, Lipa City, Batangas

**S&R NUVALI**

S&R Entrance, Lot 1 Blk 13 Solenad 3 Nuvali  
Brgy. Sto. Domingo, Sta. Rosa-Tagaytay Road  
Sta. Rosa, Laguna

**S&R PAMPANGA**

S&R Pampanga, Jose Abad Santos Ave.  
San Fernando, 2000 Pampanga

**SAN FERNANDO**

McArthur Highway, Dolores  
San Fernando, Pampanga

**SAN PABLO**

No. 65 Rizal Ave. Poblacion  
San Pablo City, Laguna

**STA. ROSA**

Unit no. 2, Paseo 5, Phase 2  
Paseo de Sta. Rosa, Greenfield  
Sta Rosa, Laguna

**VISAYAS REGION****BACOLOD**

Units A-E, Ground Floor, Sorrento Bldg.  
Lacson St., Bacolod City

**BREDCO PORT**

BREDCO Port Terminals, Reclamation Area  
Barangay 12, Bacolod City

**CEBU BUSINESS PARK**

G/F Mercedes-Benz Tower,  
Mindanao Avenue, Cebu Business Park  
Cebu City

**CEBU MAGALLANES**

Magallanes near cor. Manalili St., Cebu City

**CEBU MANGO**

Gen. Maxillom Ave. (formerly Mango Ave.)  
Cebu City

**CLEVERLEARN RESIDENCES**

One Hollywood Boulevard  
IT and Media Park, Mactan  
Lapu-Lapu City, Cebu

**COSTABELLA TROPICAL BEACH HOTEL**

Costabella Tropical Beach Hotel, Buyong  
Mactan Island, Cebu

**DUMAGUETE**

Unit No. 6, Yala Building, Calindagan  
Dumaguete City



**FOODA SAVERSMAST**

G/F beside Main Entrance, Fooda Saversmart  
No. 280-A General Maxilom Ave.  
(formerly Mango Ave.), Cebu City

**ILOILO**

Ledesma cor. Valeria Street, Iloilo City

**JESA-ITC**

General Maxilom Ave, Cebu City  
6000 Cebu

**LAPU-LAPU**

The Arcade, M. L. Quezon National Highway  
Pajo, Lapu-Lapu City

**MANDAUE**

National Highway, Mandaue City  
Metro Cebu

**MONTEBELLO HOTEL**

Montebello Villa Hotel Lobby  
Banilad, Cebu City

**S&R CEBU**

S&R Cebu, Ouano Ave, cor. E.O. Perez St.  
Subangku, Mandaue City, Cebu

**SHANGS ISLAND TOWN CENTER**

Lot 5306, Datag, Maribago,  
Lapu-Lapu City, Cebu

**S&R ILOILO**

G/F S&R Iloilo Don Donato Pison Ave.  
Brgy. San Rafael Mandurriao, Iloilo City

**TAGBILARAN**

G/F, LTS Building, No. 20 Carlos P. Garcia Ave.  
Tagbilaran City, Bohol

**MINDANAO REGION****CAGAYAN DE ORO**

Tiano Bros. cor. Hayes St.  
Cagayan de Oro City

**DAPPMC**

Dr. Arturo P. Pingoy Medical Center  
G/F Main Entrance, General Santos Drive  
Brgy. Zone IV, Koronadal City, South Cotabato

**DAVAO BAJADA**

G/F, RAQ Bldg., J.P. Laurel Ave.  
Bajada, Davao City

**DAVAO MONTEVERDE**

41 Monteverde Ave., Davao City

**DAVAO QUIRINO**

111 E. Quirino Ave., Davao City

**GENERAL SANTOS**

Santiago Boulevard, General Santos City

**KORONADAL**

General Santos Drive, Koronadal  
South Cotabato

**ILIGAN**

M.H. Del Pilar cor. Juan Luna St.  
Iligan City

**S&R CAGAYAN DE ORO**

S&R Cagayan De Oro, Zone 5, Barangay Kauswagan  
Butuan-CDO-Iligan Rd., Cagayan De Oro  
Misamis Oriental

**S&R DAVAO**

S&R Davao, McArthur Hi-way cor J. Rodriguez St.  
Talofofo Ave., Brgy. Ma-a, Davao City

**TAGUM**

Pioneer Ave., Tagum, Davao del Norte

**YUBENCO 3**

G/F Megalang Corp. Don Alfaro St.  
Brgy. Tetuan, Zamboanga City

**YUBENCO STARMALL**

Grandmega Supermart, Yubenco Starmall  
McII Highway, Putik, Zamboanga City

**YUBENCO SUPERMARKET**

G/F San Jose Gusu corner San Roque St.  
Zamboanga City

**ZAMBOANGA VALDEROSA**

G/F, Interco Buliding, N.S. Valderossa St.  
Zamboanga City

**ZAMBOANGA VETERANS**

G/F, Zamsulu Building, Veterans Ave.  
Zamboanga City



Visit [www.pbcom.com.ph](http://www.pbcom.com.ph) for the  
complete branch contact details



**Corporate Governance**



PBCOM Board of Directors and Management, employees and shareholders, believe that Corporate Governance is a necessary component of what constitutes a sound strategic business management. Thus, the Bank has undertaken every effort necessary to create awareness for this within its organization. All Directors and Senior Management are required to attend its annual continuing education program on Corporate Governance and Risk Awareness.

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 global best practice 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 constitute Board Committees namely: Governance Committee, Risk Oversight Committee, Audit Committee and Related Party Transaction Committee which are all chaired and composed of majority of Independent Directors, all of whom have a good understanding of the business.
3. The Bank's 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 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 & succession implications.
4. 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.
5. 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.
6. The Bank's 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.

#### SELECTION PROCESS OF THE BOARD AND SENIOR MANAGEMENT

Directors of the Bank are elected at the Annual Stockholders' Meeting to hold office until the next succeeding meeting and until their respective successors have been elected and qualified.

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

- All nominations for directors and independent directors shall be submitted to the Nominations Committee through any of the members or the Corporate Secretary at any time before the submission of the Definitive Information Statement to the Securities and Exchange Commission (SEC), allowing the Nominations Committee sufficient time to pass upon the qualifications of the nominees.
- 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.
- No individual shall be nominated as director or independent director unless he meets the minimum requirements/ qualifications prescribed by the concerned regulatory agencies/ offices of listed banks.
- The Nominations Committee shall pre-screen the qualifications of the nominees and prepare a final list of candidates, including a summary of all relevant information about them.

The Nomination Sub-Committee of the Corporate Governance Committee shall be responsible for the appointment/selection of key members of senior management and heads of control functions and the Compensation & Remuneration Sub-Committee, also of the Governance Committee, for the approval of a sound remuneration and other incentives policy for personnel.

In this regard, the Board through the Governance Committee shall oversee the selection of the CEO and other key personnel, including members of Senior Management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of Senior Management shall uphold the general operating philosophy, vision and core values of the Bank.

## BOARD QUALIFICATIONS

### Executive and Non-Executive Directors Criteria

Director shall have the following minimum qualifications:

a. He must be fit and proper for the position of a director.

In determining whether a person is fit and proper for the position of a director, the following matters must be considered:

- integrity/probity, physical/mental fitness;
- relevant education/financial literacy/training;
- possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and
- sufficiency of time to fully carry out responsibilities.

b. He must have attended a seminar on corporate governance for board of directors within a period of six months from date of election. A director shall submit to the BSP a certification of compliance with the BSP - prescribed syllabus on corporate governance for first time directors and documentary proof of such compliance.

### Independent Directors Criteria

Must have all the qualifications of a Regular Director and in addition:

- is not or was not a director, officer or employee of the Bank, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment;
- is not or was not a director, officer, or employee of the Bank's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the Board of Directors of the institution, or in any of its related companies or of its majority corporate shareholders;
- is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the Board of Directors of the Bank or any of its related companies or of any of its substantial stockholders;
- is not acting as a nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders;
- is not or was not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;
- is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Bank or with any of its related companies or



with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;

- was not appointed in the Bank, its subsidiaries, affiliates or related interest as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board of Directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;
- is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders
- is not employed as an executive officer of another company where any of the Bank's executives serve as directors.

## BOARD'S OVERALL RESPONSIBILITY

The Board of Directors is primarily responsible for defining the Bank's vision and mission. The Board of Directors has the fiduciary roles, responsibilities and accountabilities as provided under the law, the Bank's articles and by-laws, and other legal pronouncements and guidelines to the Bank, all its shareholders including minority shareholders and other stakeholders. The Board also recognizes and places an importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

### Board of Directors

The Board of Directors is composed of Executive, Non-Executive and Independent Directors. It acts in the interests of the Bank to the best of its ability and judgment, consistent with its responsibility in achieving the overall direction of the organization and protecting the interest of its shareholders.

### Board of Directors' Role

- Approves and oversees the implementation of strategies to achieve corporate objectives.
- Approves and oversees the implementation of risk governance framework and the systems of checks and balances.
- Establishes a sound corporate governance framework.
- Approves the selection of the CEO and key members of Senior Management and control functions; and oversees their performance.

### Board of Directors' Accountabilities

- The Board of Directors shall define the Bank's corporate culture and values.
- The Board of Directors shall be responsible for approving the Bank's objectives and strategies and for overseeing Management's implementation thereof.

- The Board of Directors shall be responsible for the appointment/selection of key members of Senior Management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel.
- The Board of Directors shall be responsible for approving and overseeing implementation of the Bank's corporate governance framework.
- The Board of Directors shall be responsible for approving the Bank's risk governance framework and overseeing management's implementation thereof.
- The Board of Directors may delegate some of its functions, but not its responsibilities, to board-level committees.

### The Chairman of the Board

The Chairman of the Board leads the Board of Directors in achieving its mandate of setting the overall direction of the organization and representing the interests of shareholders. He provides leadership in the Board of Directors, ensures that the Board takes an informed decision and sets the tone of good governance from the top. His accountabilities include:

- Ensures effective functioning of the Board, including maintaining a relationship of trust with Board members;
- Ensures a sound decision in process-making; encourages and promotes critical discussions and ensures that dissenting views can be expressed and discussed within the decision-making process;
- Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging in the skills and expertise of individual directors;
- Ensures that the Board sufficiently challenge and inquires on reports submitted and representations made by Management;
- Assures the availability of proper orientation for first time directors and continuing training opportunities for all directors; and
- Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

## BOARD COMMITTEES

### Executive Committee

The Executive Committee is composed of at least five (5) but not more than seven (7) members of the Board who shall be appointed or elected by the Board of Directors based on the recommendation of the Governance Committee. The Committee has the power to exercise functions and prerogatives of the Board of Directors during intervals between board meetings except for matters the Board has

specifically reserved for itself by law or under the By-laws. A quorum at any meeting of the Executive Committee consists of a majority of all members thereof. A majority of members constituting a quorum can decide any question that may come before the meeting.

In case of any vacancy in the Executive Committee, whether such vacancy shall be filled or not, shall be left to the discretion of the Board. However, should vacancies occur reducing the number of Executive Committee members to less than the required quorum, the Chairman may designate any officer or member of the Board to fill such vacancy, and the Executive Committee member chosen shall serve only for the unexpired portion of the vacated term to be confirmed by the Board of Directors. The Corporate Secretary shall act as the Secretary.

Executive Committee's responsibilities are the following:

- Review of corporate financial status, policies and procedures and the approval/recommendation of revisions thereto, including periodic registration and disclosure statements, publications, etc.;
- Review of specific business or operating plans regarding significant investments, acquisition or disposal of assets (e.g. CAPEX, OPEX, etc.);
- Subject to limits imposed by the Board, authorization or approval to invest in or acquire another company, to extend loans to corporations or individuals, to enter, modify, extend, renew or terminate partnerships, joint venture or any other business dealing, and to sell or dispose acquired and/or fixed bank properties;
- Evaluation and recommendation to the Board of policies and/or transactions where the proposed amount involved exceeds the limit imposed by the Board as set forth in the relevant rules and/or regulations;
- Approval of any and all major policies and strategic actions to be undertaken by management beyond the authorities established for management; and
- Such other functions as may be delegated by the Board to the Executive Committee, which shall include the approval of credits and setting of authorization limits thereof. This shall, however, exclude material RPT and DOSRI transactions, which are required to be approved by the Board

## NAME

## ATTENDANCE

Lucio L. Co, Chairman	38/49
Eric O. Recto, Vice Chairman	38/49
Leonardo B. Dayao, Vice Chairman	36/49
Patricia May T. Siy	45/49
Bunsit Carlos G. Chung	49/49
Carmen G. Huang	44/49
Ralph C. Nubla, Jr.	44/49



### Governance Committee

The Governance Committee is composed of five (5) members of the Board of Directors, three of whom are Independent Directors, and under the chairmanship of an Independent Director. The Committee assists the Board of Directors in fulfilling its corporate governance responsibilities. The Committee acts as the primary arm of the Board of Directors in determining the structure, charter, policies and practices of the Board and its Committees. Its mandate covers the organization of the Board of Directors, screening of new members, nomination process for members of the Board, continuing education program, evaluation process, assessing the propriety of business strategies and determining how the Bank operates, makes decisions and builds its relationships with shareholders and the public at large.

The Corporate Governance function ensures that accountability is enforced at all levels and that the Bank always acts in the best interest of the company, its shareholders and stakeholders. The Committee ensures that such purposes are met by creating a climate of transparency in the Bank where shareholders are fully informed of business decisions and long-term business plans.

One of the primary responsibilities of the Committee is to evaluate and recommend amendments to the Articles of Incorporation and by-laws, as well as to set up Corporate Governance guidelines including, but not limited to:

- Size (number of members) of the Board
- Criteria for membership (e.g. Qualifications, Stock Ownership, Diversity)
- Mix of management and Independent Directors
- Prevention of conflicts of interest
- Compensation and benefits program of managing and non-managing members of the Board and Senior Management
- Structure and Charter of Board Committees
- Rotation of Committee members and chairs
- Performance evaluation of CEO and members of the Board, Succession Planning and Development Program for Senior Management and Directors
- Continuing education program for Board of Directors

In addition, the Governance Committee oversees the Bank's compliance system and oversees the programs of the following sub-committees:

### Nomination Sub-Committee

The Nomination Sub-Committee identifies, evaluates and recommends individuals qualified to become Directors of the Bank based on factors such as probity of character, extent of business experience and expertise and maturity of judgment. The Sub-Committee also exercises oversight functions in the selection, nomination and appointment of members of Senior Management.

### Compensation and Remuneration Sub-Committee

This Committee oversees the implementation of the compensation

and benefits program for Directors and Senior Management to attract and retain the best talents by benchmarking against other leading financial institutions.

### Performance Evaluation Sub-Committee

The Sub-Committee oversees the implementation of performance management program for Senior Management and the members of the Board.

NAME	ATTENDANCE
Gilda E. Pico, Chairman	12/12
David L. Balangue	7/12
Eric O. Recto	7/12
Leonardo B. Dayao	9/12
Roberto Z. Lorayes	11/12

### Audit Committee

The Audit Committee is composed of three (3) members of the Board of Directors, two of whom are Independent Directors including the Chairman. The Chairman is not the Chairman of the Board or of any other Board Committee. The Audit Committee has a written charter, which includes its purpose, objectives, duties and responsibilities, duly approved by the Board. The Committee assists the Board of Directors in fulfilling its statutory and fiduciary responsibilities with respect to internal controls, including financial reporting practices, information technology security, accounting policies, and auditing. The Committee oversees the internal and external audit function. The Committee shall meet once a month. A quorum at any meeting of the Audit Committee shall consist of a majority of its independent and non-executive members.

NAME	ATTENDANCE
Emmanuel Y. Mendoza, Chairman	13/13
Gilda E. Pico	13/13
Levi B. Labra	8/13

### Risk Oversight Committee

The Risk Oversight Committee is composed of five (5) members of the Board of Directors, three of whom are Independent Directors who possess adequate knowledge of the Bank's risk exposures. The Chairman of the Committee is an Independent Director and not the Chairman of the Board or any other Board Committee. The Committee assists the Board of Directors in the execution of its function

overseeing the risk management framework, adherence to risk appetite and risk management function of the Bank. An effective risk management framework is a critical component of financially sound Bank operations. It is a key element in achieving PBCOM's goals and objectives, optimizing growth and capital while minimizing losses to the Bank.

NAME	ATTENDANCE
David L. Balangue, Chairman	9/12
Patricia May T. Siy	10/12
Jesus S. Jalandoni, Jr.	9/12
Roberto Z. Lorayes	10/12
Levi B. Labra	9/12

### Trust Committee

The Trust Committee is composed of five (5) members: three members of the Board of Directors, two of whom are Independent Directors; the President and CEO; and the Trust Officer. The Trust Committee acts within the authorities and powers delegated by the Board of Directors, and in compliance with the requirements under the BSP Manual of Regulations for Banks for the practices on Investment Management Activities, Trust and Other Fiduciary Business. The Trust Committee is responsible for the oversight of all Trust activities. Further, the Committee also ensures that Trust policies and procedures remain relevant to ensure that proper risk management and internal controls are enforceable for the prudent administration and management of Trust activities.

Although the Trust volume has remained flat from past years, the Trust Committee has provided the strategic direction to grow the business in the coming years, Trust and Wealth Management Group (TWMG) has re-organized to focus on product development and personalized account management. With the growing wealth of the middle market or mass affluent, there is always an opportunity to provide financial advice and offer appropriate investment products and/or schemes for starting families and Small Medium Entrepreneurs (SMEs). Needless to say, the appropriate technology to support digital capacity is being explored.

Trust and Wealth Management Group has different investment arrangements or products that can suit the needs of the market. For individual clients, PBCOM offers a wide range of Trust services like: Unit Investment Trust Funds (UITFs) for the retail investors, Personal Management Trusts for those who want to plan for the future and current needs; and, Investment Management Arrangement (IMA) for the more sophisticated investors who want to maximize returns. On the other hand, institutional accounts are supported through its portfolio management services for Retirement Funds and Institutional IMAs. Escrow Arrangements and other fiduciary services are available to complement financial issuances or other safekeeping structures.

#### Trust Committee (continued)

##### NAME ATTENDANCE

Eric O. Recto, Chairman	4/4
Patricia May T. Siy	4/4
Roberto Z. Lorayes	4/4
Jesus S. Jalandoni, Jr.	2/4
Josephine G. Cervero*	3/3
Irwin Joseph T. Tychuaco**	1/1

\*Chief Trust Officer, hired Aug. 1, 2018

\*\* OIC, Trust and Wealth Management until Jul. 31, 2018

#### Related Party Transactions Committee

The Related Party Transactions Committee is composed of five (5) members of the Board of Directors, three of whom are Independent Directors, including the Chairman. The Committee is entirely composed of Independent Directors and non-executive directors, with Independent Directors comprising the majority of the members. The Compliance Officer is the committee secretariat, while the Internal Auditor may sit as the resource person.

The Committee has the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, in compliance with applicable laws and regulations, conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged to protect the interest of depositors, creditors, fiduciary client and other stakeholders. They evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. They also evaluate all material RPTs and oversee the implementation of the RPT system. They ensure that transactions with related parties are subject to periodic review or audit, and report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.

##### NAME ATTENDANCE

Jesus S. Jalandoni, Chairman	7/7
David L. Balangue	6/7
Levi B. Labra	6/7
Gilda E. Pico	6/7
Roberto Z. Lorayes*	3/3

\*Member effective June 5, 2018



## BOARD OF DIRECTORS

##### NAME ATTENDANCE

Eric O. Recto, Chairman	15/16
Leonardo B. Dayao, Vice Chairman	14/16
Lucio L. Co, Director & Executive Committee Chairman	12/16
Patricia May T. Siy, President & CEO	16/16
Carmen G. Huang, Executive Director	15/16
Bunsit Carlos P. Chung, Director	16/16
Susan P. Co, Director	11/16
Levi B. Labra, Director	14/16
Ralph C. Nubla, Jr., Director	13/16
Gregorio T. Yu, Director	16/16
David L. Balangue, Independent Director	12/16
Jesus S. Jalandoni, Jr., Independent Director	13/16
Roberto Z. Lorayes, Independent Director	14/16
Emmanuel Y. Mendoza, Independent Director	15/16
Gilda E. Pico, Independent Director	14/16



## DIVIDEND POLICY

The Board of Directors of a stock corporation may declare dividends out of the unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them; provided, that any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholder until his unpaid subscription is fully paid; provided, further, that no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.

## REMUNERATION POLICY

The Bank provides a commensurate and rational salary structure depending on the scope of responsibilities/functions of each employee, which is reviewed periodically to align with the current regulatory provisions and industry trends. It complies with the wage orders or government mandated pay adjustments issued by the Department of Labor and Employment and the Tripartite Wage Boards and applicable provisions of the existing Collective Bargaining Agreement.

### 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 two fiscal years 2017 to 2018 of the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows:

	2018	2017
CEO and four most highly compensated executive officers	Patricia May T. Sly President & CEO John Howard D. Medina Executive Vice President Delbert S. Ang II Senior Vice President Alan E. Atienza Senior Vice President Expedito G. Garcia, Jr. Senior Vice President	Patricia May T. Sly President & CEO Eriberto Luis S. Elizaga Executive Vice President Manuel Andres D. Goseco Executive Vice President Alan E. Atienza Senior Vice President Jenny F. Lansang Senior Vice President
Salary	P46,050,000.00	P50,220,000.00
Bonus	15,350,000.00	18,715,111.00
Total	P61,400,000.00	P68,935,111.00

All officers and directors as a Group Unnamed	2018	2017
Salary	P551,901,360.00	P593,389,230.00
Bonus	180,367,120.00	194,196,410.00
Total	P732,268,480.00	P787,585,640.00

The Directors' per diems and other fees amounted to P9.7M and P15.5M as of December 31, 2018 and 2017, respectively.

The five (5) Independent Directors and two (2) Directors are entitled to a Director's fee for attending Board meetings. The remaining eight (8) Directors have waived their right to receive Director's fees. 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, 2018.

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

## RETIREMENT AND SUCCESSION PROGRAM

The Bank has a retirement policy in place for its employees where the retirement pay is computed in accordance with the table below:

LENGTH OF SERVICE	
5 up to 10 years	100%
More than 10 up to 15 years	110%
More than 15 up to 20 years	120%
More than 20 up to 25 years	130%
More than 25 up to 30 years	140%
More than 30 years	150%

The Bank recognizes the importance of leadership continuity in the organization and the need to immediately fill open critical positions arising from attrition and other modes of separation. Heads are required to identify at least one (1) successor to key management positions in the units under their supervision. The Bank also has engaged management consultants who are tasked to perform full-time regular banking functions.

## PERFORMANCE ASSESSMENT PROGRAM

The Bank recognizes the need to link overall business goals to team and individual contributions to ensure optimal productivity; thus it implements a performance management system to its employees where deliverables are defined, output is quantified, and performance gaps are addressed.

## POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS

PBCOM has business relationships with certain related parties. Transactions with such parties should be made in the ordinary course of business and on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions must not involve more than the normal risk of collectability or present other unfavorable conditions.

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.

It is the policy of the Bank that Related Party Transactions (RPT) between the Bank and Related Parties are identified and subjected to review and approval to ensure that they are at arm's length, the terms are fair and they will inure to the best interest of the Bank and its depositors, creditors, fiduciary clients and other stakeholders.

RPTs shall be disclosed, reviewed and approved in accordance with the Bank's policy consistent with the principles of transparency and fairness and in accordance with applicable law, rules and regulations. The policy requires that any transaction with related parties is made on terms equivalent to those that prevail in an arm's length transaction.

The Bank and its subsidiaries or affiliates shall enter into any RPT solely in the ordinary course of business and on ordinary commercial terms subject to appropriate corporate approvals and actions of the Bank. In addition, the Bank shall exercise appropriate oversight and implement control systems for managing potential exposures brought about by RPTs as these may lead to abuses that are disadvantageous to the Bank and its depositors, creditors and other stakeholders.

The Board of Directors, Officers & Stockholders shall disclose whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Bank. Directors & Officers with interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the bank.

The Bank shall at all times observe and adhere with the provisions of all relevant laws, rules and regulations, as may be applicable in the review and approval of RPTs.

The Bank shall at all times observe, uphold and respect the rights of its shareholders, minority and majority alike.



## RELATED PARTY TRANSACTIONS MATERIAL

Bank's materiality threshold for both individual and aggregate transactions, subject to annual review are:

- more than five (5) years contract/agreement; or
- transaction amount of more than fifty million (Php50 million) or its equivalent.

In 2018, the Board upon endorsement of the RPT Committee approved the renewal of Php350 million money market line of PBCOM Rural Bank (formerly Banco Dipolog Inc., a subsidiary of PBCOM. The Board also approved the deployment of sixty six (66) and thirteen (13) cash deposit machines to Puregold Price Club Inc. and Kariela Management, respectively, for the automated cash/deposit/pick-up arrangement.

## SELF-ASSESSMENT FUNCTION

### Audit Function

The Internal Audit Group represents the permanent internal audit function of PBCOM. It reports operationally to the Board's Audit Committee with a dotted line representation to the President and Chief Executive Officer. Internal Audit's coverage and service extends to all business and operating units of the Bank as well as to its subsidiaries and affiliates.

The Internal Audit Group exists to support the Board of Directors and Management in the effective discharge of their responsibilities. It has the authority to audit all parts of the Bank & shall have full & complete access to any of the organization's records, files, data, physical properties, and personnel relevant to the performance of an audit.

A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each audit. Copies of the report will be distributed as appropriate. The concerned management receiving the report is responsible for ensuring that progress is made toward correcting any unsatisfactory conditions. Internal Audit is responsible for determining whether the action taken is adequate to resolve audit findings. If the action is not adequate, Internal Audit will inform Bank Management of the potential risk & exposure in allowing the unsatisfactory conditions to continue.

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to internal controls including financial reporting control and information technology security, accounting policies, and auditing and financial reporting practices.

### Compliance Function

Compliance function, through the Compliance Management Group, assists management in ensuring observance of applicable provisions in order to identify at an early stage the risk associated with regulations which could harm the Bank's reputation, to avert such risk as far as possible and to guarantee the Bank's irreproachable business conduct.

Compliance function has a formal status within the Bank. It has the right to obtain access to information necessary to carry out its responsibilities, conduct investigations of possible breaches of the compliance policy, and directly report to and have direct access to the Governance Committee and the Board of Directors. Compliance function shall facilitate effective management of compliance risk by:

- a. Advising the Board of Directors and Senior Management on relevant laws, rules and standards, including keeping them informed on developments in the area;
- b. Apprising Bank personnel on compliance issues, and acting as a contact point within the Bank for compliance queries from bank personnel;
- c. Establishing written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
- d. Identifying, documenting and assessing the compliance risks associated with the Bank's business activities, including new products and business units;
- e. Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;
- f. Monitoring and testing compliance by performing sufficient and representative compliance testing;
- g. Maintaining a constructive working relationship with the BSP and other regulators.

## ORIENTATION & TRAINING PROGRAM

First time directors are required to attend a seminar on Corporate Governance for the Board of Directors conducted by a private or government institution duly recognized and accredited by the Bangko Sentral ng Pilipinas (BSP). No new director was elected or appointed in 2018.

Key officers and members of the board are also required to attend, annually, a continuing training on Corporate Governance conducted by training providers that are duly accredited by the Securities and Exchange Commission. Trainings attended in 2018 are:

### Corporate Governance Seminar (February 23, 2018)

Training Provider: SGV & Co.

Outline of Topics:

- Part 1 Where we left off
- Part 2 Tax Reform for Acceleration and Inclusion
- Part 3 Cyber Risk Management and Data Privacy

Attendees:

**Directors:** Eric Recto, Leonardo Dayao, Patricia May Siy, Lucio Co, Susan Co, Bunsit Carlos Chung, Levi Labra, Ralph Nubla, Jr.  
**Independent Directors:** Roberto Lorayes, Emmanuel Mendoza, Jesus Jalandoni, Jr., Gilda Pico



**Board Advisor:** Henry Uy

**Corporate Secretary:** Michael Stephen Lao (Assistant)

**Key Officers:** Jeruel Lobien, Jaime Valentin Araneta, Ricardo Mendoza, Ma. Salome Panzo, Angelita Egalin, Arlene Datu, Jane Laragan, Mina Martinez, Jorge Alfonso Melo, Daniel Yu, Evelyn Vinluan, Alan Atienza, Eriberto Luis Elizaga

### Corporate Governance Orientation Program (May 18, 2018)

Training Provider: Risks Opportunities, Assessment and Management (ROAM), Inc.

Outline of Topics:

- Part 1 Review of 2016 SEC Code of Corporate Governance and IC Code of Corporate Governance Practices and Leading Principles
- Part 2 Sustainability Reporting Guidelines for Publicly-Listed Companies
- Part 3 Economic Statistics and other Updates
- Part 4 10 Major Corporate Scandals of 2018
- Part 5 2019 Global and Regional Trends in Corporate Governance

Attendee:

**Director:** David Balangue

Officers and employees, as well as members of the Board, are also required to undergo, at least once a year, a seminar on Anti-Money Laundering. Members of the Board took the AML exam on June 27, 2018.

Below is the list of Directors and Senior Management who took the Anti-Money Laundering examination.

**Directors:** Eric Recto, Leonardo Dayao, Patricia May Siy, Lucio Co, Susan Co, Bunsit Carlos Chung, Levi Labra, Ralph Nubla, Jr.

**Independent Directors:** Roberto Lorayes, Emmanuel Mendoza, Jesus Jalandoni, Jr., Gilda Pico

**Board Advisor:** Henry Uy

**Corporate Secretary:** Angelo Patrick F. Advincula, Michael Stephen Lao (Assistant)

**Key Officers:** Jeruel Lobien, Jaime Valentin Araneta, Ricardo Mendoza, Ma. Salome Panzo, Angelita Egalin, Arlene Datu, Jane Laragan, Mina Martinez, Jorge Alfonso Melo, Daniel Yu, Evelyn Vinluan, Alan Atienza, Eriberto Luis Elizaga



Below is the list of Senior Management who attended/took various trainings done in-house (either face-to-face conduct or Computer Based Training (CBT)) or external trainings conducted and organized by external training providers.

NAME	TRAINING TITLE	TYPE OF TRAINING	DATE
Jeruel N. Lobien	Financial Consumer Protection 2018	In-house (CBT)	22-Nov-18
	Business Continuity Management 2018	In-house (CBT)	17-Aug-18
	Anti-Money Laundering 2018	In-house (CBT)	31-May-18
Jaime Valentin L. Araneta	Anti-Money Laundering 2018	In-house (CBT)	7-Jun-18
	Business Continuity Management 2018	In-house (CBT)	6-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	21-Nov-18
Delbert S. Ang II	Market-Driving Strategies	In-house (face to face)	01-Feb-2018 to 02-Feb-2018
	PBCOM Onboarding for New Employees (P-ONE)	In-house (face to face)	22-Jan-2018 to 23-Jan-2018
	7th Customer Lovelife	External	15-Nov-2018 to 16-Nov-2018
	BAIPHL 9th General Membership Meeting FY 2017-2018	External	22-May-18
	Anti-Money Laundering 2018	In-house (CBT)	8-Jun-18
	Business Continuity Management 2018	In-house (CBT)	19-Jul-18
	Financial Consumer Protection 2018	In-house (CBT)	12-Nov-18
Ricardo R. Mendoza	Anti-Money Laundering Training	In-house (face to face)	17-Mar-18
	JAC Motors Branch Development and Plant Tour	External	05-Dec-2018 to 08-Dec-2018
	Anti-Money Laundering 2018	In-house (CBT)	5-Jun-18
	Business Continuity Management 2018	In-house (CBT)	16-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	22-Nov-18
Maela D. Laqueo	Accounting for Non-Accountants	In-house (face to face)	6-Apr-18
	ABCOM: Anti-Money Laundering (AML) Insights and Trends	External	02-Aug-2018 to 03-Aug-2018
	Anti-Money Laundering 2018	In-house (CBT)	26-Apr-18
	Business Continuity Management 2018	In-house (CBT)	17-Jul-18
	Financial Consumer Protection 2018	In-house (CBT)	7-Nov-18
John Howard D. Medina	Anti-Money Laundering 2018	In-house (CBT)	19-Jun-18
	Business Continuity Management 2018	In-house (CBT)	17-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	4-Dec-18
Arlene M. Datu	Anti-Money Laundering 2018	In-house (CBT)	21-May-18
	Business Continuity Management 2018	In-house (CBT)	8-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	31-Oct-18

NAME	TRAINING TITLE	TYPE OF TRAINING	DATE
Jane L. Laragan	Anti-Money Laundering 2018	In-house (CBT)	6-Jun-18
	Financial Consumer Protection 2018	In-house (CBT)	6-Nov-18
Mina F. Martinez	Anti-Money Laundering 2018	In-house (CBT)	31-May-18
	Business Continuity Management 2018	In-house (CBT)	10-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	21-Nov-18
Ariel A. Roda	Anti-Money Laundering 2018	In-house (CBT)	19-Dec-18
Jorge Alfonso C. Melo	Anti-Money Laundering 2018	In-house (CBT)	11-May-18
	Business Continuity Management 2018	In-house (CBT)	15-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	14-Nov-18
Daniel M. Yu	Anti-Money Laundering 2018	In-house (CBT)	17-May-18
	Business Continuity Management 2018	In-house (CBT)	2-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	31-Oct-18
Evelyn D. Vinkuan	Anti-Money Laundering 2018	In-house (CBT)	24-May-18
	Business Continuity Management 2018	In-house (CBT)	2-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	19-Nov-18
Expedito G. Garcia, Jr.	Leaders' Forum: Situational Leadership	In-house (face to face)	7-Sep-18
	Anti-Money Laundering Training	In-house (face to face)	17-Mar-18
	Market-Driving Strategies	In-house (face to face)	01-Feb-2018 to 02-Feb-2018
	Anti-Money Laundering 2018	In-house (CBT)	23-May-18
	Business Continuity Management 2018	In-house (CBT)	14-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	15-Nov-18
Alan E. Alenza	Anti-Money Laundering Training	In-house (face to face)	3-Feb-18
	Anti-Money Laundering 2018	In-house (CBT)	24-May-18
	Business Continuity Management 2018	In-house (CBT)	1-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	21-Nov-18
Josephine G. Cervero	PBCOM Onboarding for New Employees (P-ONE)	In-house (face to face)	22-Oct-2018 to 23-Oct-2018
	Business Continuity Management 2018	In-house (CBT)	6-Aug-18
	Financial Consumer Protection 2018	In-house (CBT)	15-Nov-18

## CORPORATE SOCIAL RESPONSIBILITY

As stated in PBCOM's new Vision, Mission and Values, the Bank "fulfills its social responsibilities in the communities it serves". As an institution, PBCOM is very much involved and concerned with the welfare of the communities in which the Bank has presence.

The Board and the Senior Management Team encourages the branches to participate in different charities within their localities. They also encourage the branches to support the initiatives and activities of each local government, which has a significant impact on the environment and social welfare at the barangay and municipal levels. These activities include various fund raising projects to help victims of calamities, waste segregation, and recycling drives of different organizations and NGOs.

As an institution, PBCOM has been very active in supporting activities that involve the less privileged children of the country. In the past four

years, PBCOM has collaborated with the Children's Joy Foundation Inc. (CJFI) in supporting a holistic livelihood program for the chosen beneficiary families of the CJFI.

Since 2015, PBCOM employees have been generously supporting the "Donate Joy and Make a Difference" fund raising campaign, whose proceeds go directly to the Children's Joy Foundation in support of their many activities and programs.

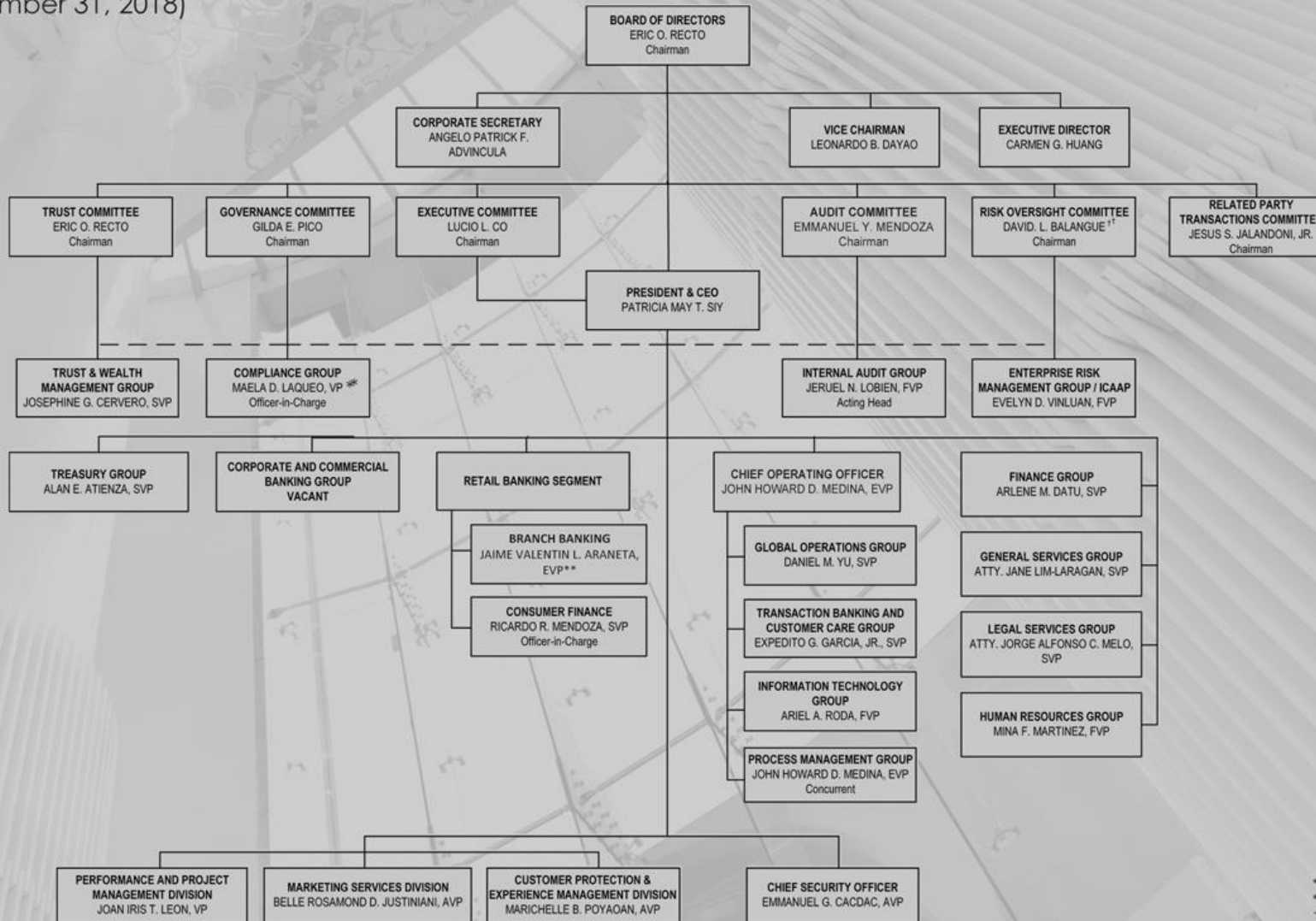
*Be the change you want  
to see in the world*

- Mahatma Gandhi



# Our Organizational Structure

(as of December 31, 2018)



\*Resigned effective April 29, 2019

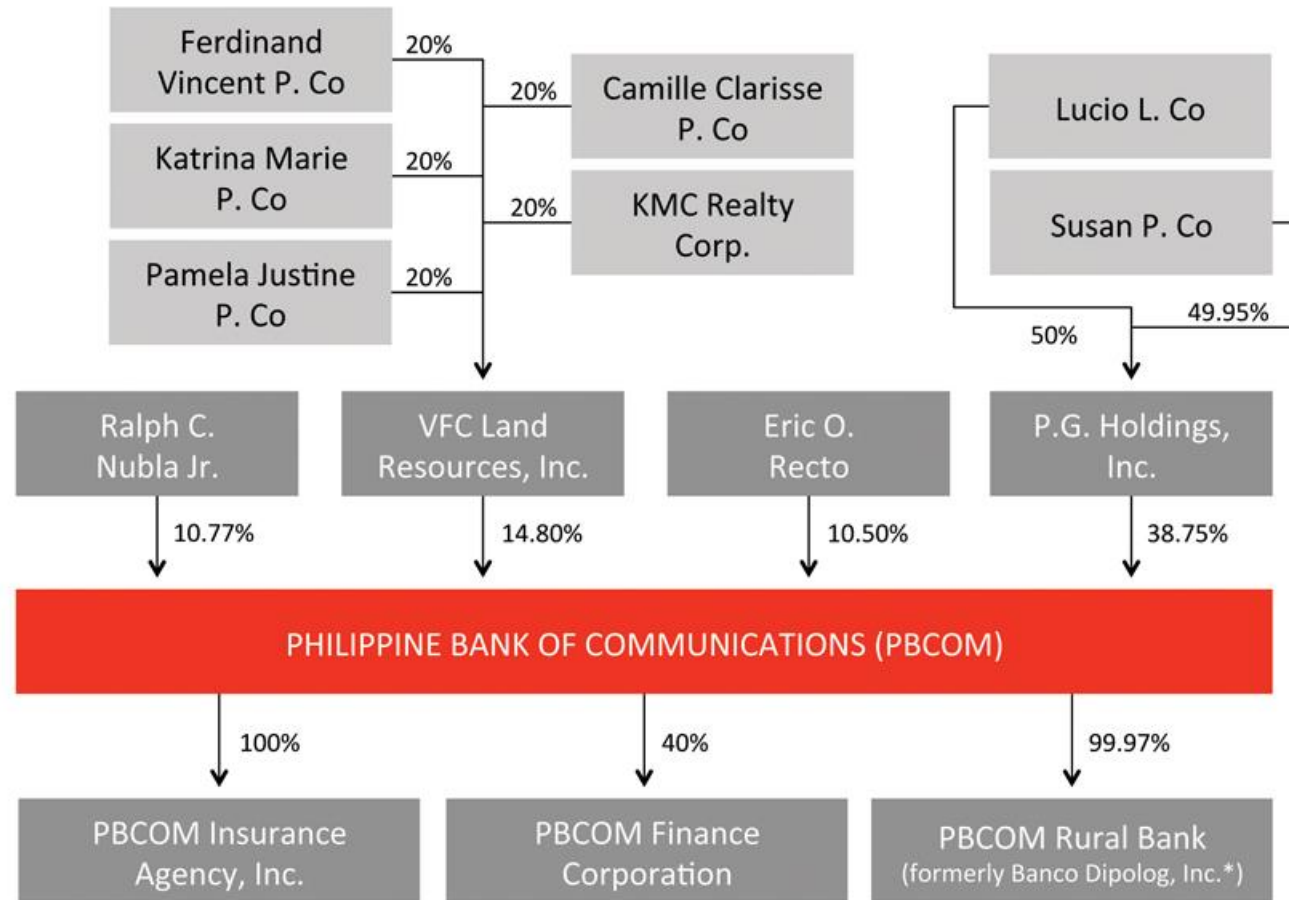
\*\*Resigned effective April 1, 2019

† April 29, 2019



## Conglomerate Map

(as of December 31, 2018)



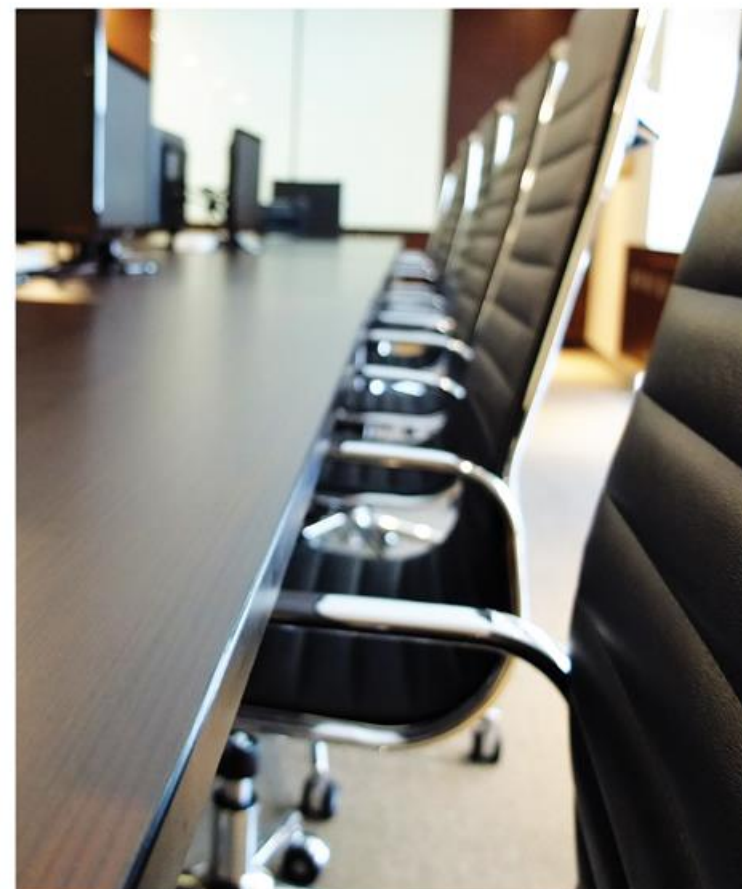
\*On 11 December 2017, the Securities and Exchange Commission approved the Articles and Plan of Merger executed by and among Banco Dipolog, Inc. A Rural Bank (Banco Dipolog), Rural Bank of Nagcarlan, Inc. and Rural Bank of Kabasalan (Zamboanga del Sur), Inc., with Banco Dipolog as the surviving bank.

## Top Twenty (20) Shareholders

(as of December 31, 2018)

	No. of Shares	%
1. PCD Nominee Corporation:	294,092,589	61.19%
Filipino - 294,074,150		
Non-Filipino - 18,439		
2. Recto, Eric O.	50,135,776	10.43%
3. Nubla, Jr., Ralph C.	46,519,036	9.68%
4. Telengtan Brothers & Sons, Inc.	31,859,844	6.63%
5. Langford Universal Finance Ltd.	15,263,964	3.18%
6. VFC Land Resources, Inc.	11,848,288	2.47%
7. La Suerte Workmen's Compensation Fund	7,056,103	1.47%
8. ISM Communications Corporation	4,806,987	1.00%
9. TTC Development Corporation	4,181,665	0.87%
10. Roxas-Chua, Ray Anthony Go	3,070,724	0.64%
11. Cham, Edison Siy	1,790,853	0.37%
12. KLG International, Inc.	1,790,853	0.37%
13. Yu, Gregorio T.	1,432,692	0.30%
14. Chungunco, Edwin Ng	631,730	0.13%
15. Chungunco, Raymond N.	604,011	0.13%
16. TFC Holdings, Inc.	562,588	0.12%
17. Chung, Bunsit G. (a.k.a. Carlos G. Chung)	550,716	0.11%
18. Chung, Patricia Regine K.	261,294	0.05%
19. Chung, Philippe Ryan K.	261,294	0.05%
20. Ching, Winnifred	187,798	0.04%

Total issued and outstanding shares (exclusive of one (1) in treasury) - 480,645,163











# **RISK AND CAPITAL MANAGEMENT**



## ENTERPRISE RISK MANAGEMENT FRAMEWORK

### OVERALL RISK MANAGEMENT CULTURE and PHILOSOPHY

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.

PBCOM applies risk management across the entire organization — from the Board of Directors, Senior Management, Business Segments and Groups, Branches, support units, 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.

### ERM VISION, MISSION, PHILOSOPHY, AND OBJECTIVES

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

**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.

**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.

#### Objectives

- Identify, measure, manage and control risks inherent in PBCOM's activities or embedded in its portfolio.
- Define and disseminate risk management philosophy & 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.
- Promote a risk awareness and strong "control culture" in PBCOM.

### RISK POLICIES AND FRAMEWORKS

PBCOM Risk and Capital Management is to actively manage its capital base to cover risks inherent in the business and being guided by the:

- Enterprise Risk Management Framework
- Market Risk and Capital Oversight Manual
- Credit Policy Manual
- Operational Risk Management Framework
- Fraud Risk Management Framework
- Crisis Management Framework
- IT Risk Management Framework
- Business Continuity Management Framework
- Information Security Risk Management Framework
- Trust Risk Management Framework
- Consumer Protection Risk Management System (CPRMS)
- Social Media Risk Management Framework

### RISK APPETITE STATEMENT AND ARTICULATION FRAMEWORK

PBCOM recognizes that having an appropriate level and quality of capital is necessary for the achievement of its business objectives. The Bank regards capital as the primary defense against any potential losses that may arise from various risks taken in the course of its operations over its strategy for profitability and balance sheet growth. Hence, it is the Bank's view that it should hold capital not merely to meet minimum regulatory requirements, but should maintain capital adequate to cover other material risks that the Bank is exposed to.

The Board of Directors in its meeting in March 2019 reviewed and approved the 2019 risk appetite as endorsed by the ICAAP Steering Committee and Risk Oversight Committee:

To meet the 10% minimum Risk-Based Capital Adequacy Ratio (RBCAR) and 2% buffer to ensure sufficient cover for Pillar 2 Risks.

The Board risk appetite for minimum RBCAR of 10% plus 2% buffer is articulated under the following considerations:

- Qualifying Capital should be based on the Basel III Capital Standard guidelines as described under BSP Circular 781.
- Resulting RBCAR and Pillar 2 RBCAR Buffer based on the Board approved strategies and financial targets.
- Possible deviations of RBCAR from targets under simulated capital depletion and increases in the Risk Weighted Assets.
- Industry and historical RBCAR and Return-on-Equity (ROE) comparative assessment.
- Break-even point evaluation of RBCAR levels to be below the Board appetite and 10% BSP minimum requirements.

Any level below the Board-approved RBCAR appetite shall serve as

trigger for Management and the Board to commence the capital planning process. In the event that the Bank's RBCAR falls below the Board-approved appetite level, Management shall evaluate and re-assess the scenario to identify whether this can be attributed to:

- Events related to the execution of strategy which is ideal and valuable to the capital;
- Events related to losses in assets or excessive leverage that do not provide sufficient return in capital.

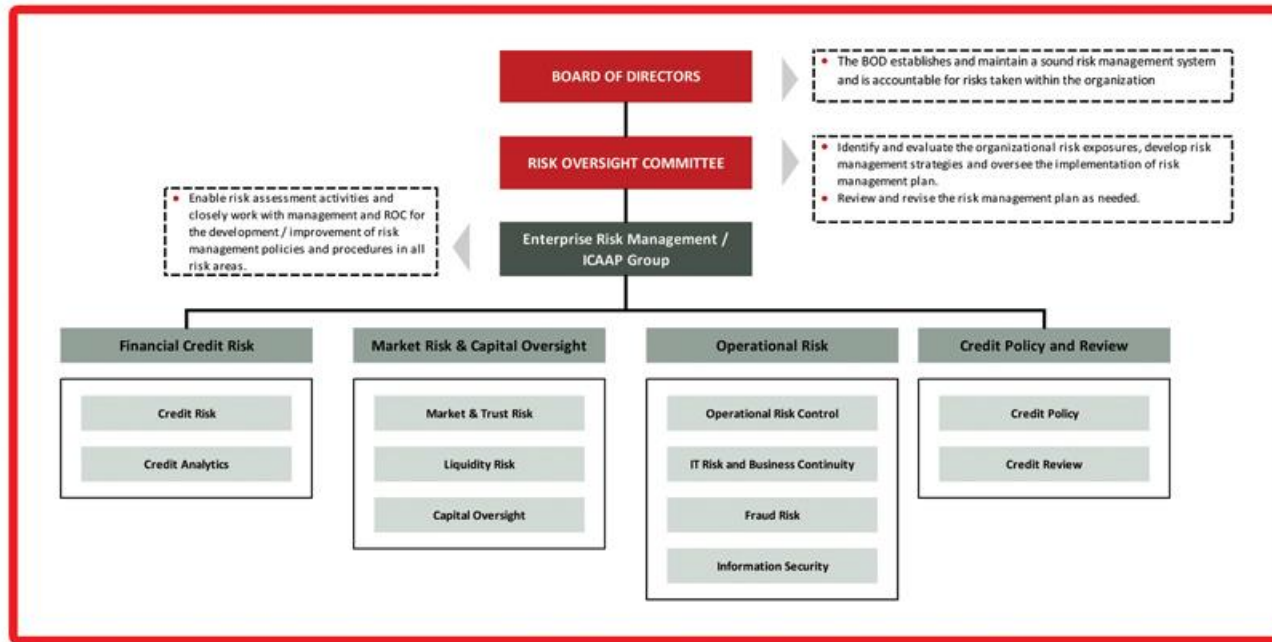
The Management courses of action in the event of exceptions to the Risk Appetite levels shall likewise be subject for approval of the Board. Monitoring of the RBCAR levels against regulatory requirements and the Bank's targets is performed by ERMG based on RBCAR reports provided by Finance Group. Monitoring results are provided to ALCO, the Risk Oversight Committee, and the Board at least on a monthly basis. For 2018, the Bank is compliant with prescribed regulatory ratios and Board-approved appetite.

In addition to the Board-approved RBCAR appetite, the Bank's acceptable level of exposure to recognized material risks is also established, with approval by the ROC and the Board, in the form of quantitative and qualitative limits. These limits are aligned with the Bank's capability to manage risk and are anchored to its business plan and financial targets.



## RISK GOVERNANCE STRUCTURE AND RISK MANAGEMENT PROCESS

The Risk Oversight Committee (ROC) assists the Board of Directors in the effective discharge of its function in overseeing the enterprise risk management program of the Bank. The ERM/ICAAP Group is the ROC's implementing arm in carrying out its functions.



## HIERARCHY OF RISK ACCOUNTABILITY

### FIRST LINE: LINE MANAGEMENT

- Self-Assessment & Control - All personnel:
- Identify, mitigate and manage risks
  - Comply with Policies, Standards and Regulations
  - Ensure day-to-day control procedures are in place
  - Undertake tests to ensure controls are followed

### SECOND LINE: ENTERPRISE RISK MANAGEMENT / ICAAP GROUP AND COMPLIANCE GROUP

- Sets and Monitors Standards:
- Establish risk management framework, standards and policies
  - Validate risk ratings
  - Challenge control levels and action plans

### THIRD LINE: INTERNAL AUDIT GROUP

- Independent Assurance Review - Internal Auditors
- Independent assurance review
  - Audit the adequacy of risk assessment and the risk management process

## ENTERPRISE RISK MANAGEMENT PROCESS

The enterprise risk management process refers to the systematic application of management policies, procedures and practices to the activities of identifying, measuring, controlling, monitoring and reporting risks and controls. To properly identify risks, PBCOM recognizes and understands existing or potential risks that may arise from new business initiatives, including risks that originate in subsidiaries and affiliates. Risk identification being employed by the Bank is a continuing process, and occurs at both the transaction and portfolio level.

## ANTI-MONEY LAUNDERING (AML) GOVERNANCE AND CULTURE

In consonance to the policy of the State:

- To protect and preserve the integrity of the Philippine financial system, including the confidentiality of bank accounts
- To ensure that the Philippines, in general, and the covered persons, in particular, shall not be used, as money laundering sites and conduit for the proceeds of unlawful activities
- To protect life, liberty and property from acts of terrorism and to condemn terrorism and those who support and finance it and reinforce the fight against terrorism by criminalizing the financing of terrorism and related offenses
- To recognize terrorism and terrorist financing as inimical and dangerous to national security and the welfare of the people; and make the financing of terrorism a crime against the Filipino people, against humanity and against the law of nations
- To adhere to international commitments to combat financing of terrorism, specifically the International Convention for the Suppression of the Financing of Terrorism, as well as other binding terrorism related resolutions of the United Nations Security Council

The Bank has adopted the following principles to combat money laundering and terrorist financing:

- PBCOM shall ensure that business is conducted in conformity with high ethical standard in order to protect the safety and soundness as well as the integrity of the national and financial system.
- To ensure that PBCOM's reputation is not compromised, it is the Bank's guiding principles that our employees will not aid or abet money laundering and terrorist financing activities and will protect the integrity and confidentiality of bank accounts.
- PBCOM shall not allow the opening of anonymous accounts, accounts under fictitious names and all other similar accounts.
- PBCOM shall extend full cooperation with the Anti-Money Laundering Council (AMLC) Secretariat, the Philippine Financial Intelligence Unit.
- PBCOM shall not allow itself to be used as an intermediary for the deposit, investment or transfer of money derived from unlawful activities.



- Officers and Employees especially frontliners are expected to be conversant with the Anti-Money Laundering and Terrorist Financing rules so as to provide information and guidance to existing and prospective clients, as part of the Bank's Anti-Money Laundering and Terrorist Financing educational campaign.
- PBCOM shall cooperate fully with the Anti Money Laundering Council (AMLC) and the BSP within limits allowed by law.

Also, the Bank has adopted and implemented a sound AML and terrorist financing risk management system to ensure risks associated with money laundering and terrorist financing such as counterparty, reputational and compliance risks among others are identified, assessed and monitored, mitigated and controlled, as well as to ensure effective implementation of these regulations, to the end that PBCOM shall not be used as a vehicle to legitimize proceeds of unlawful activity or to facilitate or finance terrorism.

## CAPITAL MANAGEMENT

The Bank adheres to banking laws and regulations issued under the Basel Accords and adopted by the BSP that aim to ensure capital adequacy to support all business risks and apply appropriate risk management techniques in managing and monitoring risks. The Bank through Enterprise Risk Management & ICAAP Group (ERMG) interrelates the capital assessment of each of the categories of risk as described in the succeeding section and ensures inclusion of the following principles as basis in designing the Bank's framework for capital oversight:

- A process for assessing the overall capital adequacy in relation to the risk profile;
- A strategy for maintaining, at least, the minimum level of regulatory capital;
- A process for reviewing and evaluating internal capital adequacy assessments and strategies;
- A means of ensuring compliance to regulatory capital ratios.

The Bank's Board of Directors is ultimately responsible for ensuring that the Bank maintains an appropriate level and quality of capital commensurate not just with the risks covered by BSP's Risk-Based Capital Adequacy Framework, but also with all other material risks to which it is exposed. Hence, the bank has in place an Internal Capital Adequacy Assessment Process (ICAAP) that takes into account all of these risks. For this purpose, the bank constituted an ICAAP Steering Committee (ISC), a management level committee, to assist the Board of Directors in accomplishing this objective. Furthermore, the capital management processes contain the following features:

- Board and Senior Management Oversight
- Sound capital assessment
- Risk assessment
- Monitoring and reporting
- Internal control

## CAPITAL STRUCTURE AND ADEQUACY REPORTING

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Group's "qualifying capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies which may differ from PFRS in some respect.

Note 24 of the attached 2018 Audited Financial Statement contains in greater detail the quality of comprehensive explanations of how ratios involving components of regulatory capital are calculated.

The Group's and the Bank's RBCAR as reported to BSP as of December 31, 2018 and 2017 are shown in the table below (amounts in millions)

	Consolidated		Parent	
	2018	2017	2018	2017
<b>CAPITAL RESOURCES</b>				
<b>CORE EQUITY - TIER ONE</b>	9,494	9,332	9,097	8,961
Paid-in Common Shares	14,278	14,278	14,278	14,278
Retained Surplus (Deficit)	(3,755)	(3,873)	(3,672)	(3,805)
Accumulated Other Comprehensive Income	(69)	(60)	(69)	(60)
Minority interest	-	(11)	-	-
Less: Regulatory Adjustments to CET-1				
Unsecured loans, other credit accommodations granted to subsidiaries and affiliates	(1)	-	(1)	(2)
Investments in Subsidiaries	(12)	(14)	(1,012)	(982)
Investments in Affiliates	(13)	(13)	(13)	(13)
Intangible Assets	(678)	(719)	(312)	(353)
Goodwill	(256)	(256)	(102)	(102)
<b>ALTERNATIVE TIER ONE CAPITAL</b>				
<b>TIER TWO CAPITAL</b>	2,165	2,093	2,106	2,062
Valuation Increment Reserves on PBCOM Tower	1,625	1,610	1,611	1,597
General Loan Loss Provision	540	483	495	465
<b>QUALIFIED CAPITAL</b>	11,659	11,425	11,203	11,023
<b>Tier One</b>	9,494	9,332	9,097	8,961
Core Equity	9,494	9,332	9,097	8,961
Alternative Tier One	-	-	-	-
<b>Tier Two</b>	2,165	2,093	2,106	2,062
<b>Risk Weighted Assets</b>	80,093	72,079	77,266	69,564
Credit Risk-Weighted Assets	72,848	65,022	70,603	62,945
Market Risk-Weighted Assets	384	768	384	768
Operational Risk-Weighted Assets	6,861	6,289	6,279	5,851
<b>Core-Equity, Tier One Ratio (Adjusted CET-1 Capital/Total Risk Weighted Assets)</b>	11.85%	12.95%	11.77%	12.88%
<b>Tier One Ratio (Adjusted Tier One Capital/Total Risk Weighted Assets)</b>	11.85%	12.95%	11.77%	12.88%
<b>Capital Adequacy Ratio (Total Capital/Total Risk Weighted Assets)</b>	14.56%	15.85%	14.50%	15.85%
<b>Capital Conservation Buffer (Excess Adjusted CET-1/Total Risk Weighted Assets)</b>	5.85%	6.95%	5.77%	6.88%

The table below shows reconciliation between Philippine Financial Reporting Standards (PFRS) capital, capital under Philippine Regulatory Accounting Principles and Qualifying Capital under Basel III.

RECONCILIATION OF REPORTED CAPITAL RESOURCES	Consolidated		Parent	
	2018	2017 Restated	2018	2017 Restated
<b>PFRS Capital</b>	10,320	9,943	10,329	9,953
Deposit for Stock Subscription				
Differences in Accounting Principles Recycled to P&L & Retained as Earnings	49	334	131	400
Differences in Comprehensive Income (Loss) on Debt Securities				
Differences in Comprehensive Income (Loss) on FX Forwards used as Hedge	-	-	-	-
Differences in additional paid-in capital	9	9	-	-
Differences in Comprehensive Income (Loss) on Equity Securities	(12)	(30)	(12)	(30)
Differences in Appraisal Increment Reserves	1,625	1,610	1,611	1,597
Differences in Cumulative Translation Adjustment	175	121	175	121
Actuarial loss on Post-Retirement Benefits (PAS 19R)	(87)	(31)	(86)	(31)
Differences in Minority interest	-	(11)	-	-
<b>RAP Capital</b>	12,079	11,945	12,148	12,010
Unsecured loans and other accommodations granted to subsidiaries and affiliate	(1)	-	(1)	(2)
General Loan Loss Provision	540	483	495	465
Investment in Subsidiaries and Affiliate	(25)	(27)	(1,025)	(995)
Intangible Assets and Goodwill	(934)	(976)	(414)	(455)
<b>Qualified Capital for Minimum Adequacy Compliance under Basel III</b>	11,659	11,425	11,203	11,023

#### CAPITAL REQUIREMENTS BY QUALITY AND BY CLASS OF RISK

Minimum capital requirements of Philippine Banking Regulations for each level of capital are:

- Core Equity Tier One – Six percent
- Tier One Capital – Seven and a half percent
- Total Capital – Ten percent

Minimum capital requirements apply to these three classes of risks that regulators determine as the major components of a bank's risk profile: Credit Risk; Market Risk; Operational Risk.

\*Refer to the table on the next page.

#### CAPITAL CONSERVATION BUFFER

Banking regulations recommend that banks accumulate and hold capital resources in addition to minimum requirements. The recommendation places constraints on the ability of a bank to transfer or return capital and encourages banks to accumulate and retain earnings during normal market conditions. This added buffer helps conserve a bank's capital and extends compliance with minimum capital requirements during periods of market-wide shock.

Philippine regulations recommend that banks retain earnings to sustain a buffer that is equivalent to two and a half percent of its risk weighted assets. This buffer must be in the form of Core-Equity Tier

One Capital.

PBCOM, its subsidiaries and affiliates collectively carry sufficient capital resources to cover the required buffer at the consolidated level. PBCOM also carries sufficient capital resources on a solo basis to cover the required buffer as a single entity. Therefore, the Bank enjoys unrestricted transfer of capital while remaining above compliance.

## RISK EXPOSURES AND ASSESSMENTS

### CREDIT RISK

Note 5 "Financial Risk Management Objectives and Policies" of the attached 2018 Audited Financial Statement contains in greater detail the quality of comprehensive explanations of how ratios involving components of regulatory capital are calculated.

### 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 any time a Bank's funds are extended, committed, invested or exposed through actual or implied contractual agreements resulting from its lending operations, trading of securities, and foreign exchange activities. Capital depletion through loan losses has been the ultimate cause of most institutions' failures.

The Financial Credit Risk Management Division and the Credit Policy and Review Division under the Enterprise Risk Management Group (ERMG) are responsible for overseeing the Bank's credit risk, achieved through various functions embedded within the Group. 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 are 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 authorities, 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.



## COLLATERAL AND OTHER CREDIT ENHANCEMENTS

Exposure to credit risk is also managed in part by obtaining collateral and suretyship/guarantees. The amount and type of security required depends on the assessment of the credit risk of the counterparty. In order to minimize credit loss, additional security is sought from the borrower when impairment indicators are observed. 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:

- For securities lending and reverse repurchase transactions: cash or securities;
- For commercial lending: mortgages over real estate properties, machineries, inventory and trade receivables; and
- For retail lending: mortgages over residential properties and vehicles. It is the Bank's policy to dispose of repossessed properties in an orderly 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 credit risk management function also involves the identification of inherent risks related to transactions or processes executed with

respect to all lending-related activities. In line with this function, the Risk Control Self-Assessment (RCSA) serves as the primary operational risk tool in identifying, assessing, and monitoring the risk profile of the Bank's business units (e.g. lending and support groups).

## INTERNAL CREDIT RISK RATING SYSTEM (ICRRS)

Banking regulations mandate the implementation of an internal credit risk rating system that is consistent with global ratings standards, compliant with Basel II requirements and appropriate to a bank's nature, complexity and scale of activities. For purposes of measuring credit risk for every exposure in a consistent and accurate manner for purposes of business and financial decision making, the Bank uses several solutions systems. For corporate and commercial loans, the Bank uses an internal scoring system based on the Bank's portfolio. For consumer loan accounts, the Bank uses a set of Minimum Risk Acceptance Criteria (MRAC) together with data from TransUnion, a trusted provider of information solutions, for assessing and managing risk. The foregoing risk rating systems shall be monitored for their predictive capability and model performance.

The table below shows the details of risk-weighted assets and capital requirements for the three classes of risk.

	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
<b>December 31, 2018</b>						
On-Balance Sheet	70,627	68,383				
Off-Balance Sheet Commitments to Lend	787	787				
Counterparty Risk-Weighted assets in the banking book	1,434	1,434				
Counterparty Risk-Weighted assets in the Trading book						
Interest Rate Risk on the Trading Books			325	325		
Foreign Exchange Risk			59	59		
Basic Indicator Approach					6,861	6,279
<b>Total</b>	<b>72,848</b>	<b>70,603</b>	<b>384</b>	<b>384</b>	<b>6,861</b>	<b>6,279</b>
<b>Capital Requirements</b>	<b>7,285</b>	<b>7,060</b>	<b>38</b>	<b>38</b>	<b>686</b>	<b>628</b>
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
<b>December 31, 2017</b>						
On-Balance Sheet	62,124	60,048				
Off-Balance Sheet Commitments to Lend	2,363	2,363				
Counterparty Risk-Weighted assets in the banking book	535	535				
Counterparty Risk-Weighted assets in the Trading book						
Interest Rate Risk on the Trading Books			663	663		
Foreign Exchange Risk			105	105		
Basic Indicator Approach					6,289	5,851
<b>Total</b>	<b>65,022</b>	<b>62,945</b>	<b>768</b>	<b>768</b>	<b>6,289</b>	<b>5,851</b>
<b>Capital Requirements</b>	<b>6,502</b>	<b>6,295</b>	<b>77</b>	<b>77</b>	<b>629</b>	<b>585</b>

## MINIMUM CAPITAL REQUIREMENTS TO COVER CREDIT RISK EXPOSURES

PBCOM measures credit risk exposure in terms of regulatory capital requirement using the standardized approach. Under this method, credit exposures are risk-weighted depending on the type of assets the Bank is exposed to.

December 31, 2018	Consolidated							Parent						
	Risk weight							Risk weight						
	0%	20%	50%	75%	100%	150%	Total	0%	20%	50%	75%	100%	150%	Total
On-Balance Sheet Commitments to Lend														
Cash and Other Clearing Items	1,367	7	-	-	-	-	1,374	1,342	-	-	-	-	-	1,342
Due from Bangko Sentral ng Pilipinas	15,224	-	-	-	-	-	15,224	15,168	-	-	-	-	-	15,168
Due from Banks	-	54	234	-	283	-	571	-	54	234	-	111	-	399
Securities Portfolio (excluding Trading Books Positions)	13,745	-	4,759	-	3,981	-	22,485	13,745	-	4,759	-	3,981	-	22,485
Loan Portfolio (net of Specific Provisions for Loss)	937	13	2,039	52	53,795	916	57,753	888	13	2,039	-	52,133	851	55,925
Sales Contract Receivable	-	-	-	-	136	35	171	-	-	-	-	88	35	123
Real & Other Properties Acquired	-	-	-	-	-	637	637	-	-	-	-	-	569	569
Other Assets	-	-	-	-	6,480	-	6,480	-	-	-	-	6,358	-	6,358
Off-Balance Sheet Commitments to Lend	6,784	1,348	-	-	517	-	8,649	6,784	1,348	-	-	517	-	8,649
Counterparty Risk-Weighted assets in the Banking Book	-	-	-	-	1,434	-	1,434	-	-	-	-	1,434	-	1,434
Counterparty Risk-Weighted assets in the Trading Book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CREDIT EXPOSURE</b>	<b>38,057</b>	<b>1,422</b>	<b>7,032</b>	<b>52</b>	<b>66,627</b>	<b>1,588</b>	<b>114,778</b>	<b>37,927</b>	<b>1,415</b>	<b>7,032</b>	<b>-</b>	<b>64,623</b>	<b>1,454</b>	<b>112,451</b>
Total Risk-Weighted On-Balance Sheet assets	-	15	3,516	39	64,676	2,382	70,627	-	14	3,516	-	62,672	2,182	68,383
Total Risk-Weighted Off-Balance Sheet assets	-	270	-	-	517	-	787	-	270	-	-	517	-	787
Total Counterparty Risk-Weighted assets in the Banking book	-	-	-	-	1,434	-	1,434	-	-	-	-	1,434	-	1,434
Total Counterparty Risk-Weighted assets in the Trading book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CREDIT-RISK WEIGHTED ASSETS</b>	<b>-</b>	<b>284</b>	<b>3,516</b>	<b>39</b>	<b>66,627</b>	<b>2,382</b>	<b>72,848</b>	<b>-</b>	<b>283</b>	<b>3,516</b>	<b>-</b>	<b>64,623</b>	<b>2,182</b>	<b>70,603</b>

December 31, 2017	Consolidated							Parent						
	Risk weight							Risk weight						
	0%	20%	50%	75%	100%	150%	Total	0%	20%	50%	75%	100%	150%	Total
On-Balance Sheet														
Cash and Other Clearing Items	968	5	-	-	-	-	973	941	-	-	-	-	-	941
Due from Bangko Sentral ng Pilipinas	15,341	-	-	-	-	-	15,341	15,279	-	-	-	-	-	15,279
Due from Banks	-	803	334	54	489	-	1,680	-	803	334	-	289	-	1,426
Securities Portfolio (Excluding Trading Books Positions)	12,113	-	2,190	-	5,007	-	19,310	12,113	-	2,190	-	5,007	-	19,310
Loan Portfolio (Net of Specific Provisions for Loss)	-	-	62	2,826	45,468	425	48,781	-	62	2,825	-	43,913	389	47,189
Sales Contracts Receivable	-	-	-	-	130	28	158	-	-	-	-	124	29	153
Real & Other Properties Acquired	-	-	-	-	-	600	600	-	-	-	-	-	528	528
Other Assets	-	-	-	-	6,561	-	6,561	-	-	-	-	6,447	-	6,447
Off-Balance Sheet Commitments to Lend	6,392	1,455	-	-	2,072	-	9,919	6,392	1,455	-	-	2,072	-	9,919
Counterparty Risk-Weighted assets in the Banking book	-	-	-	-	535	-	535	-	-	-	-	535	-	535
Counterparty Risk-Weighted assets in the Trading book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Credit exposure</b>	<b>34,814</b>	<b>2,325</b>	<b>5,350</b>	<b>54</b>	<b>60,262</b>	<b>1,053</b>	<b>103,858</b>	<b>34,725</b>	<b>2,320</b>	<b>5,349</b>	<b>-</b>	<b>58,387</b>	<b>946</b>	<b>101,727</b>
Total Risk-Weighted On-Balance Sheet assets	-	174	2,675	41	57,655	1,580	62,124	-	173	2,675	-	55,780	1,420	60,047
Total Risk-Weighted Off-Balance Sheet assets	-	291	-	-	2,072	-	2,363	-	291	-	-	2,072	-	2,363
Total Counterparty Risk-Weighted assets in the Banking book	-	-	-	-	535	-	535	-	-	-	-	535	-	535
Total Counterparty Risk-Weighted assets in the Trading book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Credit Risk-Weighted Assets</b>	<b>-</b>	<b>465</b>	<b>2,675</b>	<b>41</b>	<b>60,262</b>	<b>1,580</b>	<b>65,022</b>	<b>-</b>	<b>464</b>	<b>2,675</b>	<b>-</b>	<b>58,387</b>	<b>1,420</b>	<b>62,945</b>

The capital requirement under the RBCAR framework from the 10% of the amount of Credit Risk Weighted Assets as of December 2018 is more than sufficient to cover the amount of internal capital requirement as assessed by the Parent Bank to cover credit risk.

## MARKET RISK

Market risk is the risk of loss with respect to future earnings, fair value, or future cash flows, which may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market conditions. Describing in this section the Bank's market risk management system as an addition to the information contained in Note 5 "Financial Risk Management Objectives and Policies" of the attached 2018 Audited Financial Statement that describes in greater detail the qualitative and quantitative information on market risk.

### MANAGING MARKET RISK IN THE TRADING BOOK

The trading business of the Bank centers on exposures to interest rates from the portfolio of debt securities and from the currency mismatches on and off the balance sheet.

Market risk in the trading book proceeds from the potential impact of adverse movements in market conditions either eroding asset values or increasing liabilities resulting in financial losses. These principally include:

- Changes in prevailing interest rates eroding the values of securities and foreign exchange contracts and;
- Changes in prices affecting the values of positions in foreign currency.

Management of market risk in the trading book begins at the level of the portfolio managers in Treasury that execute trading strategies. The portfolio managers are responsible for the results of their execution, including financial performance, adherence to limits, and compliance with regulation. The Treasurer discusses the condition and performance of trading books exposures at the meetings of the Bank's Asset and Liability Committee (ALCO).

Risk control functions ensure that the exposures taken on the trading books remain consistent with those approved by and acceptable to the Board of Directors.

- The enterprise risk management function sets the risk framework and conducts an independent revaluation of all risk exposures to ensure adherence to the limits approved by the Board. They report their findings in each of the monthly meetings of the Board's Risk Oversight Committee.
- Financial control and operations ensure that all exposures are recognized, reported and re-measured according to proper financial reporting standards. The Chief Executive Officer reports the financial condition and performance to Senior Management and the Board of Directors.
- Compliance ensures that both risk-taking and risk management actions remain consistent with the requirements of regulations. They report any issues to the Board's Corporate Governance Committee.



The Internal Audit (IA) function conducts reviews of the effectiveness of the governance and risk infrastructure supporting the trading business and recommends solutions to further strengthen the ability of the whole business to properly achieve its objectives. Independent reviews of the market risk measurement system also cover assessments of the assumptions, parameters, and methodologies used. IA reports their findings to the Board's Audit Committee.

#### MARKET RISK MEASUREMENT AND REPORTING

The following are the market risk measurement tools and reports that are regularly provided by ERMG to ALCO and to the Risk Oversight Committee:

- Value-at-Risk of Unencumbered Debt Securities being managed at fair market value and the Bank's Foreign Currency (FX) Net Open Position
- Price sensitivity testing of FVPL Bonds and FX Net Open Position
- Market Stress Testing for the Trading Books and FX Net Open Position
- Market Risk Assessment Report that summarizes the over-all market risk assessment using a five-point rating scale ("1" being the High Risk and "5" being Low Risk) based on the individual risk assessment in each of the market risk factors / areas and its corresponding weightings.

#### MINIMUM CAPITAL REQUIREMENTS TO COVER MARKET RISK

PBCOM computes for capital requirements to cover market risk exposures using Standardized Approach for each market risk exposure. The table provided in the Capital Requirements by Quality and by Class of Risk in the previous section shows the details in different market risk-weighted assets using the standardized approach and its equivalent capital requirements in accordance with BSP Circular No. 538.

The Parent Bank assessed that the market risk capital requirement under the Standardized Method is more than sufficient as compared against the capital requirement using Internal Models Approach as of December 31, 2018. The Internal Model used in the ICAAP involves subjecting the VaR to a multiplication factor corresponding to the number of backtesting exceptions for the past 250 trading days in order to compute for market risk capital charge.

#### INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Describing in this section the Bank's risk management system for IRRBB as an addition to the information contained in Note 5 "Financial Risk Management Objectives and Policies" of the attached 2018 Audited Financial Statement that describes in greater detail the qualitative and quantitative information on IRRBB.

#### MANAGING IRRBB

The banking business of the Bank, centers on its core business to

source funding and extend credit. Exposures in the banking book arise from mismatches in the structure of its transactions that result in assets and liabilities re-pricing at differing times.

The risks in the banking book originate from the structure of both the balance sheet and other obligations to pay and are affected by changes in market conditions. Risks from exposures may include:

- Spread compression risk when assets and liabilities re-price at different times leading either to the yield of assets dropping or the cost of liabilities rising resulting in compression of interest rate spreads;
- Yield-curve risks where sudden changes in the relative spreads between short-term and long-term interest rates may erode the profitability of the funding strategies of the Bank;
- Basis risks where the re-pricing characteristics of assets and liabilities do not perfectly correlate resulting in adverse changes to interest spreads;
- Foreign exchange risk that occurs when adverse changes in exchange rates erode the Philippine Peso value of interest income in foreign currency generated by the Bank and;
- Price risk when adverse changes in interest rates erode the values of marketable securities resulting in the total return on the investment (interest plus fair value gain) falling below the cost of the funds dedicated.

PBCOM structures its balance sheet and prices its funds to maximize the interest rate spreads between assets and liabilities. The structure of the balance sheet and the pricing of funds form part of the regular discussions at the meetings of the Bank's Asset and Liability Committee.

Risk control functions ensure that the exposures taken on the banking books remain consistent with those approved by and acceptable to the Board of Directors.

- The enterprise risk management function sets the risk framework and conducts an independent measurement of all risk exposures to ensure adherence to the limits approved by the Board.
- Financial control and operations ensure that all exposures are recognized, reported and re-measured according to proper financial reporting standards.
- Compliance ensures that both risk-taking and risk management remains consistent with the requirements of regulation.

The internal audit function conducts reviews of the effectiveness of the governance and risk infrastructure supporting the business and recommends solutions to further strengthen the ability of the whole business to properly achieve its objectives.

#### IRRBB MEASUREMENT FRAMEWORK

The Bank's management of IRRBB centers on interest rate re-pricing gap reports. The enterprise risk management function prepares these reports, one per currency, reflecting the interest rate sensitive assets and liabilities of the bank in each of a series of time bands that begin

at one week and stretch out to non-rate sensitive. The assumptions used to position the assets and liabilities in the time band are:

- Actual or contractual maturity when there is a definite schedule in payment of interest and principal where the stipulated interest will not change through maturity;
- Re-pricing date when there is a definite schedule in payment of interest and principal where the stipulated interest is subject to periodic re-price or change;
- Behavioral when there is no specified timing of payment. Designation of time bands depends on the earliest time the interest could possibly change.

The Bank measures risk exposure to IRRBB using the following models:

- Earnings at Risk (EaR) that is a statistical measure of the probable loss in net interest income under prevailing market conditions should the spread between yield on assets and cost of liabilities compress. The resulting measure reflects a level of loss in net interest income for the year that has a one percent chance of being exceeded under prevailing market conditions.
- Economic Value of Equity (EVE) that is a financial measure of the value of the bank's equity reflected as the difference between the weighted duration of the bank's assets and the weighted duration of the Bank's liabilities. The resulting measure reflects how changes in interest rates will affect the value of the Bank's equity.

The Bank determined its exposures to be as follows:

#### ASSET-LIABILITY GAP POSITION (amounts in millions PHP)

CONSOLIDATED						
	≤ 1 Month	1-3 Months	3-12 Months	1-2 Years	> 2 Years	Total
<b>December 31, 2018</b>						
Total Assets	10,104	11,981	7,610	2,095	49,903	81,693
Total Liabilities	77,419	3,538	4,211	1,809	4,711	91,688
Asset-Liability Gap	(67,315)	8,443	3,399	286	45,192	(9,995)
<b>December 31, 2017</b>						
Total Assets	9,158	11,041	7,489	3,007	42,516	73,211
Total Liabilities	61,531	11,811	5,131	3,110	1,720	83,303
Asset-Liability Gap	(52,373)	(770)	2,358	(103)	40,796	(10,092)
PARENT COMPANY						
	≤ 1 Month	1-3 Months	3-12 Months	1-2 Years	> 2 Years	Total
<b>December 31, 2018</b>						
Total Assets	9,680	11,949	7,437	2,095	48,523	79,684
Total Liabilities	77,325	3,081	3,798	1,655	4,067	89,926
Asset-Liability Gap	(67,645)	8,868	3,639	440	44,456	(10,242)
<b>December 31, 2017</b>						
Total Assets	8,941	11,040	7,462	2,888	40,947	71,278
Total Liabilities	60,685	11,630	4,970	2,789	1,538	81,612
Asset-Liability Gap	(51,744)	(590)	2,492	99	39,409	(10,334)

\* Please refer to Note 5 - Interest Rate Risk Management of 2018 Notes to Financial Statement of the Annual Report for details of Asset-Liability Gap.



A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. During a period of rising interest rates, a negative gap entails refinancing interest-bearing liabilities more quickly than investing in or holding higher yielding assets. On the other hand, during a period of falling interest rates, a negative gap entails slower repricing of liabilities which provides the bank the flexibility to better position the growth and repricing of its assets.

#### EARNINGS-AT-RISK AND ECONOMIC VALUE OF EQUITY

Amounts in millions and in PHP for RBU and in US\$ for FCDU	2018		2017	
	RBU	FCDU	RBU	FCDU
<b>Earnings-at-Risk</b>				
at +25bps	(3.09)	(0.00)	(25.83)	(0.15)
at +50bps	(6.19)	(0.01)	(51.66)	(0.30)
at +100bps	(12.37)	(0.02)	(77.49)	(0.44)
at +300bps	(37.12)	(0.06)	(309.95)	(1.78)
at +400bps	(49.49)	(0.08)	(413.26)	(2.37)
at +500bps	(61.87)	(0.10)	(516.58)	(2.97)
<b>EVE sensitivity</b>				
at +25bps	(366.13)	(0.92)	(480.93)	(1.64)
at +100bps	(1,464.52)	(3.69)	(1,923.73)	(6.55)
at +300bps	(4,393.95)	(11.06)	(5,771.20)	(19.64)
at +500bps	(7,322.58)	(18.44)	(9,618.67)	(32.74)

The Bank also employs stress testing particular to market risk on the banking books and relates the result to the capital and to current and target net interest income to assess the impact of changes in net interest income on the ability of the Bank to sustain both profitability and adequate capital cover.

#### LIQUIDITY RISK

Describing in this section the Bank's risk management system for Liquidity Risk as an addition to the information contained in Note 5 "Financial Risk Management Objectives and Policies" of the attached 2018 Audited Financial Statement that describes in greater detail the qualitative and quantitative information on Liquidity Risk.

#### MANAGING LIQUIDITY RISK

Liquidity Risk and Funding Management Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure

additional funding if required. In addition, the Bank makes use of Liquidity Gap Report in analyzing its liquidity position where the difference between the Bank's maturing assets and liabilities is captured (the asset-liability gap position as provided in the preceding tables). A Maximum Cumulative Outflow limit is likewise established to control the liquidity gap for each currency. The ALCO meets on a weekly basis to discuss among others the liquidity state of the Bank.

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flows. The Bank also has committed lines of credit that it can access to meet liquidity needs. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

In managing intraday liquidity, the Bank has an internal buffer fund called "Secondary Reserve" for Deposit Liabilities, Deposit Substitutes, and Repurchase Agreements. The buffer fund serves to manage potential substantial liability outflows and the demand and supply of funds for new loans. This will allow the Bank to readily support its new business strategies and direction and management of liquidity risk. The daily movement of Secondary Reserve serves as a primary indicator of liquidity condition of the Bank. In addition, the Bank monitors the liquidity characteristics of its portfolio of assets that will provide necessary liquidity support during periods of liquidity stress as required by BSP Circular No. 905.

#### LIQUIDITY RISK MEASUREMENT AND REPORTING

The Bank employs liquidity ratios, liquidity stress testing, liquidity gapping report, liquidity funding concentration, and Maximum Cumulative Outflow (MCO) limit to manage liquidity risk. Market stress testing results are also applied to the Liquidity Gap report to measure impact on future cashflows. The Bank also uses Liquidity Risk Assessment Matrix to assess the overall liquidity risk profile of the Bank.

#### OPERATIONAL RISK

##### MANAGING OPERATIONAL RISK

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 and people risk, but excludes strategic and reputational risk. The primary tool in controlling operational risk is an effective system of internal controls effected by the Board and participated by each and every employee of the Bank. The Bank's Operational Risk Management Framework was updated to comply with the requirements of BSP Circular 900 re: Guidelines on Operational Risk Management. The framework, which provides for a strengthened foundation and guidance on how PBCOM should effectively manage its operational risks, is periodically reviewed by the Board of Directors to ensure that operational risk management

policies, processes and systems are implemented effectively at all decision levels.

The Bank has implemented a robust operational risk management system in each operating unit of the Bank. The Bank's operational risk management tools include the Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRI), incident reports, and the internal operational loss database, results of which are periodically reported by the Operational Risk Management Division (ORMD) to the ROC. ORMD likewise ensures that other operational risk reports such as Profile of Complaints and Legal Case Profile are assessed and reported by the concerned banking units to the ROC on a periodic basis. Moreover, a system for reporting of operational crimes and losses, and policies on whistle-blowing and handling of administrative cases are in place.

To instill risk awareness and an operational risk control environment, the Bank's ERMG and Compliance Management Group (CG) conduct regular in-house seminars and trainings, like the orientation for newly-hired employees with presentations focusing on risk management and regulatory compliance. Both groups continuously develop & implement risk management and compliance policies, while holding interactive meetings with operating units to address risk issues and implement process enhancements. The Bank has a Computer-Based Training project aimed at enabling training content more readily available & accessible; providing training & tests statistics & analytics, & a database for employees' educational achievements.

#### TECHNOLOGY RISK MANAGEMENT

The Bank's Technology Risk Management Framework continues to provide strengthened foundation and guidance on how the Bank should effectively manage emerging technology risks. The IT Risk Management Unit (ITRMU) under the ERMG 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 methodology for both IT functions and application systems are in place. Risk identification and assessments over project management were enhanced from project initiation to implementation. Control validation process was incorporated in technology risk assessments to ensure effectiveness of established risk mitigation strategy. Corrective action plans are periodically monitored and reported by ITRMU to ensure that 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 risk aware organization through conduct of trainings and seminars to Bank employees.



## FRAUD RISK MANAGEMENT

Fraud Risk is an integral part of the enterprise-wide operational risk management of the Bank. The enterprise-wide platform of the business in risk management enhances the quality and dexterity of the Bank's overall management capabilities in addressing fraud and operational risks while transforming to digital strategies. Strategic steps taken by the Bank toward an effective fraud risk reduction program are:

- Fraud risk assessment at process-level controls to address risks associated with digital banking;
- Centralization of Internal Operational Loss Data and Fraud Loss events to identify the scope of the problem on an enterprise wide basis;
- Continue to support the Bank's transformation/development and implementation of new technologies to enhance fraud management effectiveness; and
- Continue to actively participate in industry forums and forming partnerships to maintain a "leading edge" approach to fraud solutions.

To promote the bank-wide level of culture of eternal vigilance, strong internal control and compliance, the Enterprise Fraud Risk Unit facilitates in-house seminars, with key focus on training and awareness presentations on Cyber Digital Fraud, Fraud Risk Awareness, Signature Verification and Counterfeit Detection, Credit Fraud and Risk Management, Identity Theft/Fraud and Check Fraud and KYC Training Sessions.

In adherence to the BSP's mandate on promoting financial inclusion and consumer welfare awareness, the Enterprise Fraud Risk Unit has ably supported the Bank's initiative in promoting cyber-crime/fraud awareness learning sessions among clients and non-clients of the bank.

## BUSINESS CONTINUITY MANAGEMENT

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 improved Bank's resiliency. The Business Continuity Risk Management Unit under the ERMG 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. A Crisis Management and Emergency Preparedness Plan, Pandemic Plan and Cyber Resiliency Plan as well have been 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.

## LEGAL RISK MANAGEMENT

Legal Risk is the risk of financial loss due to non-existent, incomplete, incorrect and unenforceable documentation used by the Bank to protect and enforce its rights under contracts and obligations. It includes the kind of conduct that can lead to unspecified erosion in the value of the Bank as an institution. Closely related to Legal Risk are Fiduciary and Reputational Risk.

Legal risk management is the process of establishing and maintaining procedures for identifying and avoiding the consequences of legal risks. The Bank believes that failure to manage legal risks effectively can result in litigation and/or civil and/or criminal sanctions that impacts on the Bank's reputation. To ensure consistent management of legal risk, the Bank's Legal Services Group (LSG) maintains and regularly updates the Bank's Legal Risk Management Manual which is applicable to all employees, and all branches and units of the Bank. LSG also covers regular review of the status of cases, an assessment of potential outcome, and reports the same to the Risk Oversight Committee on a periodic basis.

## MINIMUM CAPITAL REQUIREMENTS TO COVER OPERATIONAL RISK EXPOSURES

PBCOM computes for capital requirements to cover operational risk exposures using the Basic Indicator Approach. Under this approach to operational risk, banks must maintain fifteen percent of average positive gross income over the previous three years as capital buffer for losses due to operations. Philippine Banking Regulations apply a capital coverage requirement that is 1.25 times higher than other regulators resulting in Philippine banks having to carry 18.75 percent of previous three years as capital buffer for losses due to operations.

The equivalent risk weighted asset is ten times the capital charge. The Group uses the Basic Indicator Approach in computing Operational Risk in accordance with BSP Circular No. 538 (amounts in millions):

	Consolidated		Parent Company	
	2018	2017	2018	2017
Average Gross Income (Previous 3 Years)	3,659	3,354	3,349	3,121
Capital Charge(Average Gross Income times 18.75% (a))	686	629	628	585
Risk Weighted Asset (Capital Charge times 10)	6,861	6,289	6,279	5,851

(a) Equivalent to adjusted capital charge of 15% of 125% to be consistent with required minimum Capital Adequacy Ratio of 10%

Capital requirement under the RBCAR framework as of December 2018 is more than sufficient to cover the amount of internal capital requirement by the Parent Bank to cover operational risk.



## INFORMATION SECURITY, CYBERSECURITY AND PRIVACY RISKS

### INFORMATION SECURITY MANAGEMENT

PBCOM has built its Information Security Division (ISD) based on the provision of BSP Circular 982 –Enhanced Guidelines on Information Security Management. PBCOM information security management systems, framework, practices and standards have also been created and referenced their contents on ISO/IEC 27002 and 27001 and framework of COBIT 5 for Information Security.

The Information Security framework of the Bank, namely: Operating Principles (Charter), Enterprise IS Policy, Programs and Minimum Baseline Security Standards (MBSS) are periodically reviewed and updated to conform with the minimum provisions prescribed by the regulatory authorities, government statutes and generally accepted standards. With the advent of cyber security attacks in the country, PBCOM is committed to continuously enhance its internal processes and implement robust security measures (technical, administrative and physical controls) to protect/safeguard the Bank's information assets. Information Security plays a key role in ensuring protection of data, hence, preserving its confidentiality, integrity and availability, particularly during system migration, new products and services; and other initiatives involving third-party services.

The enhanced Information Security Awareness Program sustains the employee security awareness and maturity by way of regular updating of critical information to all employees through PBCOM On-Boarding for New Employees (P-ONE), Computer-Based Training (CBT) for Continuing Education Program, Regulatory Roadshow for Existing Employees and sending out email publications provides necessary information security related matters needing urgent attention of all employees such as but not limited to, dissemination of security updates, cyber security issues, ATM Skimming/Jackpotting/Shimming or similar attacks, social engineering like Phishing, Vishing and SMSing, and other security related activities.

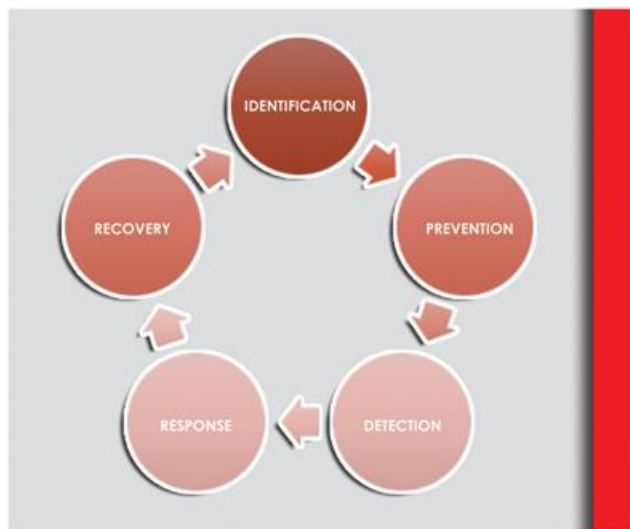


## CYBERSECURITY RISK MANAGEMENT

Cybersecurity refers to the ability to control access to networked systems and the information they contain. Where cyber controls are in place, the cyberspace is considered reliable, resilient and trustworthy digital infrastructure. Conversely, in the absence of cyber controls, the cyberspace is considered insecure.

Cybersecurity is considered a subset of Information Security although at present time these two terminologies are used interchangeably. Cybersecurity shall cover the cyber realm whereas Information Security shall cover all security related regardless of realm.

At PBCOM cyber risk is considered as a business risk. It is managed based on the generally accepted cybersecurity risk management framework, namely: Identification, Prevention, Detection, Response and Recovery. Each of the identified strategies shall cover related activities that would promote cyber resiliency.



## 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 had 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. 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.

- 1 • Appoint a data protection officer
- 2 • Conduct a Privacy Impact Assessment
- 3 • Create a Privacy Management Program and Manual
- 4 • Implement Privacy & Data Protection Measures
- 5 • Regular exercise of Breach Reporting Procedure

## REPUTATIONAL RISK

Reputational Risk is the risk from current and prospective impact on earnings or capital arising from negative public opinion. This affects the Bank's ability to establish new relationships or services or continue servicing existing relationships.

Reputational Risk in relation to the Bank's Risk Assessment & Prioritization Guidelines is broken-down to Two (2) risk names:

1. Risk Related to Customer Complaint. It is based on documented reports from clients about problems with a product or service that may lead to varying degrees of negative public opinion against the organization.
2. Risk Related to Negative Public Opinion & Credibility. It refers to incidents of negative public opinion or issues on credibility adversely affecting the ability to establish new relationships or services or continue servicing existing relationships.

## INTERNAL CAPITAL RISK ASSESSMENT

The Reputation Risk capital charge is qualitatively determined in light of evaluations performed from tools or conclusions derived from reports that are available to the Bank. In assessing Reputational Risk to capital, the Bank uses the results of and conclusions arrived from the following risk tools and assessment reports:

- Media Value Analysis
- Bankwide Profile of Complaints
- Analysis of Bankwide RCSA – Reputational Risk Items
- Effect of unfavorable media content
- Bankwide Service Metrics

## STRATEGIC RISK

Strategic Risk is the risk from current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of the Bank's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

Strategic Risk in relation to the Bank's Risk Assessment & Prioritization Guidelines is broken-down to three (3) risk names:

1. Risk Related to Competition is the failure of the Bank to cope with competitors' strategies & products resulting to decline in market share and possible losses.
2. Risk Related to Strategy Implementation is the failure to develop, utilize and integrate organizational structure, control systems and culture to follow & monitor strategies that lead to competitive advantage and better performance.
3. Risk Related to Earnings Performance is the deficiency in earnings as noted between actual and target figures.

## INTERNAL CAPITAL RISK ASSESSMENT

Internal capital requirement for strategic risk is equivalent to the present value of the amount of the expected growth in capital that does not materialize due to the inability of executing the Board-approved business plan discounted at the prevailing Weighted Average Cost of Capital (WACC) of the Bank. In assessing Strategic Risk to capital the Bank also uses the results of and conclusions arrived from the following risk tools and assessment reports:

- Actual Financial Performance & Business Plan Review
- Analysis of Bankwide Risk Aggregation and Prioritization related to Strategic Risks







## Customer Protection and Experience

### CONSUMER PROTECTION PRACTICES

PBCOM is determined to delight our clients with responsiveness as we take the journey towards our vision to be the most preferred and trusted financial partner through generations. With the clients at the heart of everything we do, we try our best to ensure that we nourish the relationship we have with our clients, with only one end in mind – enriching their lives.

PBCOM provides “an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders”. PBCOM is committed to protect the interest of our financial clients; we ensure that they are protected during their entire relationship with the Bank.

The majority of the provisions in the BSP Circular 857 on Consumer Protection have already been complied with by PBCOM. This includes the creation of a dedicated consumer assistance office, which the Bank has already established and is directly reporting to the Customer Protection and Experience Management Head. PBCOM’s Customer Protection and Experience Management Division is continuously working on reviewing and improving our programs for financial education, fair treatment, customer handling, and risk management.

PBCOM’s Board of Directors is also involved with the approval of the Bank’s risk assessment strategies, review of policies and procedures, oversight of the implementation of consumer protection strategies and ensuring compliance and performance of the Senior Management in managing the day to day consumer protection strategies.

The Senior Management team is responsible for the implementation of the consumer protection policies approved by the Board. They also manage the day to day consumer protection activities of the Bank. Everyone in PBCOM is knowledgeable on the importance of protecting our clients and has the same objective: to deliver an excellent customer experience.

#### Security and Fraud Prevention

PBCOM ensures that there are control systems for clients to have secure and consistent banking transactions, whether through the branches or through digital channels. This is to safeguard the Bank’s clients from security threats such as financial and personal identity theft. Risk of PIN/card data skimming devices is controlled by regularly checking the PBCOM ATMs. Stringent control systems are implemented to protect the Bank’s clients from financial thefts and security threats. PBCOM also continuously issue warnings on information security threats to provide the public with practical and useful guides on how to protect themselves against such threats. These are published in various channels such as our website, social media accounts, and ATM screen displays.



### Privacy of Information

PBCOM enhanced the verification process across varied channels to protect our clients from theft of personal information. The Bank added a more secured verification process and several layers of positive identification measures before assisting clients with their banking transactions. The Bank adopted a system wherein clients are informed and they have the choice to opt out in the event that they don't want to be part of any promotions, research and other marketing driven initiatives. PBCOM employees are all aware that protecting client information not only involves gathering and use of customer information, but the distribution, storage and disposal of these data as well.

### Disclosure and Transparency

With the continuous innovation of the Bank's products and services, PBCOM makes them accessible, understandable, clear and accurate by ensuring that all necessary and relevant information are available to the clients. Nevertheless, the clients have the right to be adequately educated regarding features, terms, systems and procedures, and inherent risks of the Bank's products and services, including his responsibilities, and the right to be protected against fraudulent, dishonest or misleading advertising, labeling, or promotion, and to seek redress for misrepresentation, breach of contractual obligations, shoddy goods or unsatisfactory services.

The Bank's front liners are equipped with the knowledge and IT-supported technical capabilities to confidently advise the clients on security and fraud prevention, as well as the procedure for the reporting and resolution of fraud cases and card related concerns. They are also professionally trained to handle inquiries and complaints about our products, services and processes.

PBCOM ensures that the information about its products and services are accurate, easy to understand, clear and readily available and accessible. All BSP required information are displayed at our branches and our corporate website; and our front liners are equipped to discuss financial matters, our products and services and its risks so the clients can make sound decisions.

### Customer Concern Handling

PBCOM provides its clients with accessible and efficient means to communicate their inquiries, request, concern and feedback. Each feedback that we receive is treated as an opportunity for the Bank to evaluate and improve its services and provide an excellent banking experience to the clients.

PBCOM clients may communicate concerns through different channels, namely: (1) Phone call, (2) Email, (3) Social Media sites, (4) Website, (5) Branches, (6) and SMS. All concerns reported through these channels are documented and handled in compliance with existing bank and BSP-prescribed guidelines. Through the PBCOM Consumer Assistance Office, the Bank has implemented a reliable Feedback/Complaint Management System which logs and monitors customer concerns supported by documentation and concrete

data. With the system's periodic and thorough customer service reports, the Bank gains valuable insight with which we refine and improve the "overall customer experience".

In 2018, the bulk of concerns that the Bank received and handled are related to ATM concerns, such as no cash dispensed.. All units involved in resolving a complaint were mindful of the SLA (Service Level of Agreement) with the clients. Proper coordination between the Branches, Customer Care, Business Units involved, and Customer Assistance Office ensures a prompt response for each issue that was raised and received by all channels.

A ticketing system was also implemented to assist all front liners in receiving and monitoring complaint up to resolution and providing timely feedback to our clients. With the improvements in logging and monitoring of complaints the Bank's overall SLA achievement for 2018 was at 99%.



PBCOM also gives importance to the VOC (Voice of Customers) and provides clients with efficient ways of raising their concerns and feedback; and this information is used to further improve the service delivery and product offerings of the Bank.

### Financial Education and Awareness

It has always been PBCOM's thrust to put our clients in the heart of everything we do. The main and only objective is ensuring Fairness with our dealings, an open Communication with our clients and employees and to provide Protection to our clients in all their financial transactions with us.

In 2018, PBCOM was very active in promoting a responsible financial system that protects the interest of our clients. Our service delivery is anchored on our core values PRIDE (Passion, Responsiveness, Integrity, Dynamism & Excellence) to ensure that all our efforts are geared towards creating the best experience to our clients.

In 2018, PBCOM was very active in promoting a responsible financial system that protects the interest of the clients. A Customer Handling

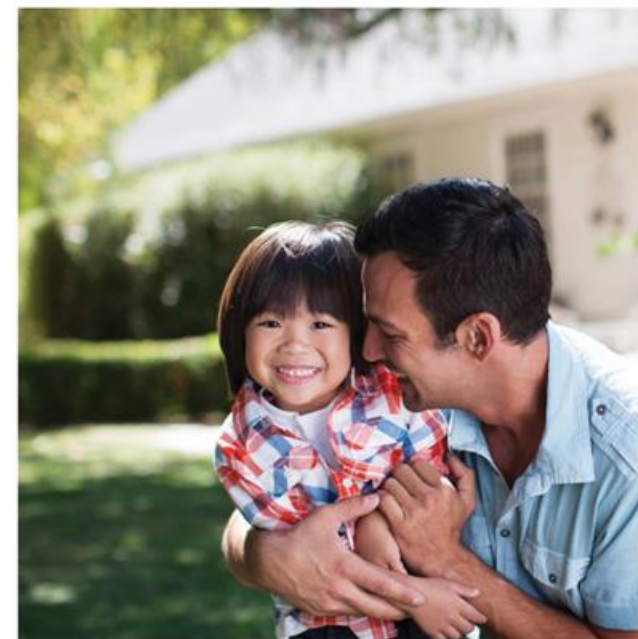
Training entitled 'How May I Help You?' and PBCOM C.A.R.E.S has been facilitated and cascaded to all front liners to help them enhance their skills in providing excellent customer service.

The Bank is an advocate of empowering clients by creating campaigns and programs that will equip them with the financial know-how. This will enable clients to make sound financial decision in saving, investing, budgeting and borrowing. A year-round of awareness campaigns for existing and potential clients were rolled-out last year.

Regular workshops were facilitated for our onboarding and existing employees to ensure that our employees provide the clients with correct information and details.

PBCOM protects its clients from misuse of their information, over indebtedness, and availing of product and/or service that will only fit their needs. The bank also protects them from scams, fraud, misdealing and other incidents that will put them in a financial problem through tips which are regularly released.

The Bank believes that communication is one major key to achieve its goal in delivering an excellent customer experience, thus, involving each employee is one of its practice. PBCOM aims to deliver one message to clients in every dealings; PBCOM cares for their welfare.



# Financial Highlights

in PHP thousands	Consolidated		Parent Bank (Solo)	
	Y2018	Y2017 (restated)	Y2018	Y2017 (restated)
<b>Profitability</b>				
Total Net interest income	3,114,387	2,901,558	2,869,809	2,665,009
Total Non-interest income	1,295,940	1,155,742	1,234,087	1,089,537
Total Non-interest expense	3,288,626	3,105,899	3,041,468	2,865,131
Pre-provision profit	1,121,701	951,401	1,062,428	889,415
Allowance for credit losses	267,736	338,595	209,914	288,911
Net Income	626,236	396,459	626,233	396,456
<b>Selected Balance Sheet Data</b>				
Liquid Assets	38,233,983	36,264,217	37,994,498	35,969,963
Gross Loans	59,876,532	52,060,040	58,015,710	50,305,517
Total Assets	103,749,322	95,043,650	101,866,805	93,271,613
Deposits	74,028,731	70,735,817	72,335,327	69,045,014
Total Equity	10,325,914	9,943,171	10,335,310	9,952,565
<b>Selected Balance Sheet Data</b>				
Return on Equity	6.18	4.39	6.17	4.38
Return on Assets	0.63	0.45	0.64	0.46
CET 1 capital ratio	11.85	12.95	11.77	12.88
Tier 1 capital ratio	11.85	12.95	11.77	12.88
Capital Adequacy Ratio	14.56	15.85	14.50	15.85
<b>Per common share data</b>				
Net Income per share				
Basic/Diluted	1.30	0.82	1.30	0.82
Book value	21.48	20.69	21.50	20.71
<b>Others</b>				
Cash dividends declared			none	none
Headcount				
Officers			741	766
Staff			333	361



## Statement of Management's Responsibility for Financial Statements

The management of Philippine Bank of Communications (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2018, 2017 and 2016, in accordance with prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Sycip, Gorres, Velayo and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



**ERIC O. RECTO**  
Chairman of the Board



**PATRICIA MAY T. SIY**  
President & CEO



**ALAN E. ATIENZA**  
Treasurer



**ARLENE M. DATU**  
Comptroller

# Independent Auditor's Report



SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

Tel: (632) 891 0307  
Fax: (632) 819 0872  
ey.com/ph

BOA/PRC Reg. No. 0001,  
October 4, 2018, valid until August 24, 2021  
SEC Accreditation No. 0012-FR-5 (Group A),  
November 6, 2018, valid until November 5, 2021

The Stockholders and the Board of Directors  
Philippine Bank of Communications

## Report on the Consolidated and Parent Company Financial Statements

### Opinion

We have audited the consolidated financial statements of Philippine Bank of Communications and its subsidiaries (the Group) and the parent company financial statements of Philippine Bank of Communications (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2018 and 2017, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2018 and 2017, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2018, in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

### Applicable to the Audit of the Consolidated and Parent Company Financial Statements

#### Adoption of the final version of PFRS 9, Financial Instruments

On January 1, 2018, the Group adopted the final version of PFRS 9, *Financial Instruments* (2014 version), which replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and the previous versions of PFRS 9 (2009, 2010 and 2013 versions). The Group has previously adopted the 2010 version of PFRS 9 with initial application date of January 1, 2014. PFRS 9 (2014) introduces a forward-looking expected credit loss (ECL) model to assess impairment on debt financial assets not measured at fair value through profit or loss and loan commitments and financial guarantee contracts.

The Group's adoption of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating and the expected recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

The application of the ECL model increased the Group's and the Parent Company's allowance for credit losses as of January 1, 2018 by ₱245.20 million and ₱188.72 million, respectively. The Group's and the Parent Company's provision for credit losses in 2018 using the ECL model amounted to ₱263.92 million and ₱206.30 million, respectively.

Refer to Notes 2 and 17 of the financial statements for the disclosure on the transition adjustments and details of the allowance for credit losses using the ECL model, respectively.

#### Audit response

We obtained an understanding of the board-approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place, (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations; (e) tested exposure at default considering outstanding commitments and repayment scheme; (f) checked the reasonableness of forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios



and broader industry knowledge; and (g) tested the effective interest rate used in discounting the expected loss.

Further, we checked the accuracy and completeness of data used in the ECL models by reconciling data from source system reports to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We checked the appropriateness of the transition adjustments and reviewed the completeness of the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

#### *Realizability of deferred tax assets*

Deferred tax assets have been recognized to the extent that management has assessed that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. We considered the realizability of deferred tax assets as a key audit matter because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions and the expected performance of the Group.

The disclosures relating to deferred tax assets are included in Note 30 to the financial statements.

#### *Audit response*

We involved our internal specialist in understanding the Group's deferred income tax calculation process, including the applicable tax rules and regulations. We reviewed the management's assessment on the availability of future taxable profit in reference to financial forecast and tax strategies. We evaluated the management's forecast by comparing the expected growth rates of the loan and deposit portfolios with that of the industry and the historical performance of the Group. We also reviewed the timing of the reversal of future taxable and deductible temporary differences.

#### **Other Information**

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2018 but does not include the consolidated and parent company financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2018, which are expected to be made available to us after that date.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

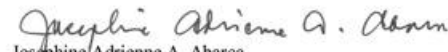
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 37 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine Bank of Communications. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Josephine Adrienne A. Abarca.

SYCIP GORRES VELAYO & CO.

  
 Josephine Adrienne A. Abarca  
 Partner  
 CPA Certificate No. 92126  
 SEC Accreditation No. 0466-AR-4 (Group A),  
 November 13, 2018, valid until November 12, 2021  
 Tax Identification No. 163-257-145  
 BIR Accreditation No. 08-001998-61-2018,  
 February 26, 2018, valid until February 25, 2021  
 PTR No. 7332515, January 3, 2019, Makati City

March 27, 2019



# Statements of Financial Position

	Consolidated		Parent Company	
	December 31	January 1	December 31	January 1
	2017	2017	2017	2017
	(As restated -	(As restated -	(As restated -	(As restated -
	Note 2)	Note 2)	Note 2)	Note 2)
	2018	2018	2018	2018
(Amounts in Thousands)				
<b>ASSETS</b>				
Cash and Other Cash Items	<b>P1,389,869</b>	P974,207	<b>P1,042,611</b>	P941,823
Due from Bangko Sentral ng Pilipinas (Notes 18 and 19)	<b>15,224,382</b>	15,340,711	<b>13,356,075</b>	15,279,084
Due from Other Banks	<b>379,723</b>	1,166,063	<b>2,996,758</b>	965,820
Interbank Loans Receivable (Note 8)	<b>206,964</b>	534,925	<b>310,131</b>	534,925
Financial Assets at Fair Value through Profit or Loss (Note 9)	<b>893,216</b>	2,740,471	<b>300,483</b>	2,740,471
Financial Assets at Fair Value through Other Comprehensive Income (Note 10)	<b>6,798,230</b>	90,639	<b>52,242</b>	90,639
Investment Securities at Amortized Cost (Note 11)	<b>13,341,599</b>	15,417,201	<b>13,135,494</b>	15,417,201
Loans and Receivables (Note 12)	<b>60,079,206</b>	53,352,967	<b>46,089,437</b>	51,619,999
Investments in Subsidiaries and an Associate (Note 7)	<b>13,318</b>	13,068	<b>12,376</b>	988,855
Property and Equipment (Note 13)	<b>1,021,349</b>	1,108,873	<b>1,292,777</b>	1,007,030
Investment Properties (Note 14)				1,181,599
Condominium units for lease	<b>1,832,726</b>	1,883,696	<b>1,928,968</b>	1,883,696
Foreclosed properties	<b>772,425</b>	736,539	<b>735,298</b>	547,825
Office units for lease	<b>3,624</b>	3,999	<b>2,385</b>	3,999
Goodwill (Note 15)	<b>182,227</b>	182,227	<b>178,456</b>	—
Intangible Assets (Note 15)	<b>703,775</b>	744,179	<b>781,166</b>	480,433
Deferred Tax Assets - Net (Note 30)	<b>74,487</b>	55,942	<b>59,717</b>	516,008
Other Assets (Note 16)	<b>832,202</b>	697,943	<b>509,333</b>	67,638
<b>TOTAL ASSETS</b>	<b>P103,749,322</b>	P95,043,650	<b>P82,783,707</b>	P80,764,173

## LIABILITIES AND EQUITY

### LIABILITIES

Deposit Liabilities (Notes 18 and 31)					
Demand	<b>P20,257,138</b>	P19,400,193	<b>P15,464,230</b>	P19,480,422	P15,571,988
Savings	<b>7,810,642</b>	8,329,526	<b>6,943,767</b>	7,790,785	6,400,070
Time	<b>43,058,221</b>	43,006,098	<b>40,737,984</b>	41,773,807	39,227,043
Long-term negotiable certificates of deposits	<b>2,902,730</b>	—	<b>2,902,730</b>	—	—
	<b>74,028,731</b>	70,735,817	<b>63,145,981</b>	69,045,014	61,199,101
Bills Payable (Note 19)	<b>17,659,083</b>	12,567,399	<b>10,099,384</b>	12,567,399	10,099,384
Outstanding Acceptances	<b>46,344</b>	64,085	<b>34,357</b>	64,085	34,357
Manager's Checks	<b>97,447</b>	427,405	<b>300,385</b>	427,405	300,385
Accrued Interest, Taxes and Other Expenses (Note 20)	<b>685,009</b>	421,666	<b>414,575</b>	391,771	382,452
Income Tax Payable	<b>3,735</b>	13,458	<b>240</b>	14,945	182
Deferred Tax Liabilities - Net (Note 30)	<b>66,261</b>	39,448	<b>33,523</b>	—	—
Other Liabilities (Note 21)	<b>836,798</b>	831,201	<b>616,552</b>	808,429	601,293
<b>TOTAL LIABILITIES</b>	<b>93,423,408</b>	85,100,479	<b>74,644,997</b>	83,319,048	72,617,154

(Forward)

	Consolidated		Parent Company	
	December 31	January 1	December 31	January 1
	2017	2017	2017	2017
	(As restated -	(As restated -	(As restated -	(As restated -
	Note 2)	Note 2)	Note 2)	Note 2)
	2018	2018	2018	2018
(Amounts in Thousands)				
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>				
Common stock (Note 23)	<b>P12,016,129</b>	P12,016,129	<b>P7,489,114</b>	P12,016,129
Subscribed common stock - net (Note 23)	<b>—</b>	—	<b>4,581,340</b>	—
Additional paid-in capital	<b>2,252,826</b>	2,252,826	<b>813,515</b>	2,262,246
Surplus reserves (Note 23)	<b>105,893</b>	105,824	<b>105,772</b>	105,824
Deficit (Notes 2 and 23)	<b>(3,916,336)</b>	(4,311,607)	<b>(4,708,011)</b>	(4,708,011)
Unrealized gain on financial assets carried at fair value through other comprehensive income (Note 10)	<b>19,416</b>	64,104	<b>33,621</b>	64,104
Cumulative translation adjustment	<b>(177,059)</b>	(122,263)	<b>(72,739)</b>	(122,263)
Remeasurement gains (losses) on retirement liability (Note 27)	<b>25,021</b>	(61,868)	<b>(95,679)</b>	(61,868)
	<b>10,325,890</b>	9,943,145	<b>8,146,933</b>	9,952,565
<b>NON-CONTROLLING INTERESTS</b>	<b>24</b>	26	<b>(8,223)</b>	—
<b>TOTAL EQUITY</b>	<b>10,325,914</b>	9,943,171	<b>8,138,710</b>	10,335,310
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P103,749,322</b>	P95,043,650	<b>P82,783,707</b>	P80,764,173

See accompanying Notes to Financial Statements.

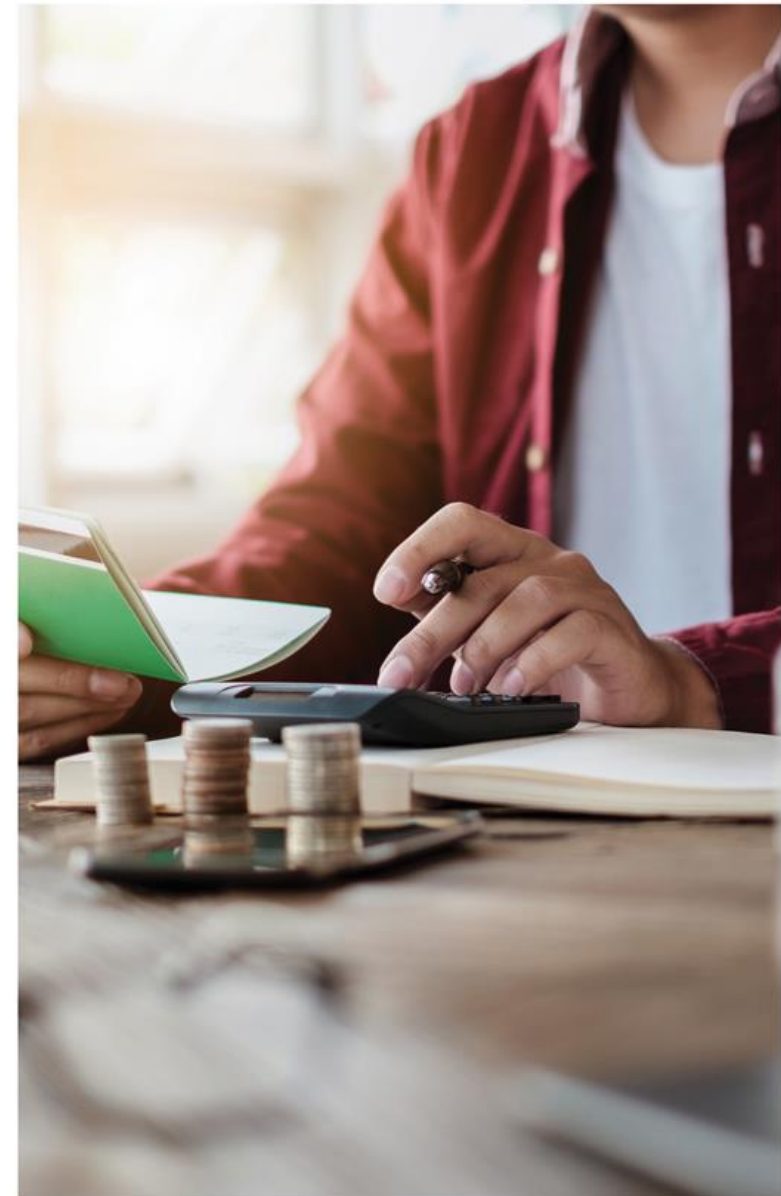


# Statements of Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2018	2017 (As restated - Note 2)	2016 (As restated - Note 2)	2018	2017 (As restated - Note 2)	2016 (As restated - Note 2)
(Amounts in Thousands, Except Earnings per Share)						
INTEREST INCOME						
Loans and receivables (Notes 12 and 31)	\$4,028,267	\$3,215,921	\$2,902,068	\$3,723,359	\$2,921,310	\$2,539,901
Investment securities (Note 26)	724,818	690,658	676,016	724,818	690,658	676,016
Interbank loans receivable and securities purchased under resale agreements (Note 8)	41,291	38,905	19,073	41,291	38,905	19,073
Deposits with other banks	11,345	15,826	37,583	10,845	12,739	37,201
	\$4,805,721	\$3,961,310	\$3,634,740	\$4,500,313	\$3,663,612	\$3,272,192
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 18 and 31)	1,218,928	834,585	861,401	1,161,819	773,574	799,652
Bills payable, borrowings and others (Note 19)	472,406	225,167	177,385	468,685	225,029	176,704
	1,691,334	1,059,752	1,038,786	1,630,504	998,603	976,356
NET INTEREST INCOME	3,114,387	2,901,558	2,595,954	2,869,809	2,665,009	2,295,836
Rent income (Notes 14, 28 and 31)	661,017	563,259	474,213	661,196	563,245	474,105
Service charges, fees and commissions	383,082	362,842	363,635	342,915	317,721	326,484
Foreign exchange gain - net	49,953	69,787	11,474	49,953	69,787	11,474
Trading and securities gain (loss) - net (Note 26)	23,336	(13,243)	48,339	23,336	(13,243)	48,339
Gain (loss) on assets exchange - net (Note 14)	23,112	5,406	32,097	13,133	(162)	32,094
Income from trust operations (Note 25)	15,707	15,404	16,864	15,707	15,404	16,864
Profit (loss) from assets sold (Notes 13, 14 and 16)	12,763	30,529	8,641	(9,562)	21,966	4,685
Gain on reclassification of investment securities from amortized cost to fair value through profit or loss (Note 3)	-	-	198,700	-	-	198,700
Miscellaneous	126,720	121,066	51,071	114,178	103,478	39,061
TOTAL OPERATING INCOME	\$4,410,077	\$4,056,608	\$3,800,988	\$4,080,665	\$3,743,205	\$3,447,642

	Consolidated			Parent Company		
	Years Ended December 31					
	2018	2017 (As restated - Note 2)	2016 (As restated - Note 2)	2018	2017 (As restated - Note 2)	2016 (As restated - Note 2)
(Amounts in Thousands, Except Earnings per Share)						
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 14, 27 and 31)	\$1,153,384	\$1,162,952	\$1,181,173	\$1,039,169	\$1,055,169	\$1,074,104
Taxes and licenses (Notes 14 and 30)	575,537	457,442	406,471	542,911	427,136	377,609
Depreciation and amortization (Note 13)	404,353	419,853	415,314	386,917	395,332	393,493
Provision for credit and impairment losses - net (Notes 14 and 17)	267,736	338,595	473,454	209,914	288,911	391,581
Occupancy and other equipment-related costs (Notes 14, 28 and 31)	260,517	224,351	184,412	243,769	210,864	173,159
Insurance	148,804	131,050	126,452	141,847	124,391	119,230
Management and professional fees	116,025	108,090	150,628	112,889	103,161	147,839
Security, clerical, messengerial and janitorial services	110,397	94,006	84,980	96,135	81,549	75,177
Entertainment, amusement and recreation	86,342	82,364	77,515	86,137	81,981	77,198
Communications	56,020	55,852	58,180	53,647	53,595	56,303
Miscellaneous (Notes 14 and 29)	377,247	369,939	323,713	338,047	331,953	289,543
TOTAL OPERATING EXPENSES	3,556,362	3,444,494	3,482,292	3,251,382	3,154,042	3,175,236
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND AN ASSOCIATE	853,715	612,114	318,696	829,283	589,163	272,406
SHARE IN NET INCOME OF SUBSIDIARIES (Note 7)	-	-	-	22,981	10,649	25,064
SHARE IN NET INCOME OF AN ASSOCIATE (Note 7)	250	692	263	250	692	263
INCOME BEFORE INCOME TAX	853,965	612,806	318,959	852,514	600,504	297,733
PROVISION FOR INCOME TAX (Note 30)	227,729	216,347	151,995	226,281	204,048	130,597
NET INCOME	\$626,236	\$396,459	\$166,964	\$626,233	\$396,456	\$167,136
Attributable to:						
Equity holders of the Parent Company	\$626,233	\$396,456	\$167,136			
Non-controlling interests	3	3	(172)			
	\$626,236	\$396,459	\$166,964			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 32)	\$1.30	\$0.82	\$0.35			

See accompanying Notes to Financial Statements.





# Statements of Comprehensive Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2017	2016		2017	2016	
	(As restated -	(As restated -		(As restated -	(As restated -	
	Note 2)	Note 2)		Note 2)	Note 2)	
	2018	2017	2016	2018	2017	2016
	(Amounts in Thousands)					
NET INCOME FOR THE YEAR	₱626,236	₱396,459	₱166,964	₱626,233	₱396,456	₱167,136
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Items that may be reclassified to profit or loss in subsequent periods:						
Net unrealized loss on debt securities at fair value through other comprehensive income (Note 10)	(114,964)	—	—	(114,964)	—	—
Net movement in cumulative translation adjustment	(54,796)	(49,524)	(20,345)	(54,796)	(49,524)	(20,345)
Unrealized gain as a result of reclassification of debt securities from amortized cost to fair value through other comprehensive income (Note 3)	56,901	—	—	56,901	—	—
	(112,859)	(49,524)	(20,345)	(112,859)	(49,524)	(20,345)
Items that may not be reclassified to profit or loss in subsequent periods:						
Unrealized gain on equity securities carried at fair value through other comprehensive income (Note 10)	14,479	38,397	7,790	14,479	38,397	7,790
Change in remeasurement gains on retirement liability (Note 27)	97,755	34,587	76,549	94,704	31,424	77,695
Income tax relating to change in remeasurement gains on retirement liability	(10,866)	(776)	437	(9,951)	—	—
Income tax relating to unrealized gain on equity securities carried at fair value through other comprehensive income	(1,450)	(7,914)	—	(1,450)	(7,914)	—
	99,918	64,294	84,776	97,782	61,907	85,485
	(12,941)	14,770	64,431	(15,077)	12,383	65,140
TOTAL OTHER COMPREHENSIVE INCOME BEFORE SHARE IN OTHER COMPREHENSIVE INCOME OF SUBSIDIARIES	613,295	411,229	231,395	611,156	408,839	232,276
SHARE IN OTHER COMPREHENSIVE INCOME OF SUBSIDIARIES						
Item that may not be reclassified to profit or loss in subsequent periods:						
Change in remeasurement losses (gains) on retirement liability (Note 7)	—	—	—	3,051	3,163	(1,146)
Income tax relating to components of other comprehensive income (Note 7)	—	—	—	(915)	(776)	437
	—	—	—	2,136	2,387	(709)
TOTAL OTHER COMPREHENSIVE INCOME	₱613,295	₱411,229	₱231,395	₱613,292	₱411,226	₱231,567
Attributable to:						
Equity holders of the Parent Company	₱613,292	₱411,226	₱231,567			
Non-controlling interests	3	3	(172)			
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱613,295	₱411,229	₱231,395			

See accompanying Notes to Financial Statements.



# Statements of Changes in Equity

Consolidated												
Years Ended December 31, 2018, 2017 and 2016												
Equity Attributable to Equity Holders of the Parent Company												
	Common Stock (Note 23)	Subscribed Common Stock - net (Note 23)	Additional Paid-in Capital	Surplus Reserves (Note 23)	Deficit (Notes 2 and 23)	Unrealized Gain (Loss) on Financial Assets Carried at Fair Value Through Other Comprehensive Income (Note 10)	Revaluation Increment on Land, Office Units and Condominium Properties	Cumulative Translation Adjustment	Remeasurement Gains (Losses) on Retirement Liability (Note 27)	Total	Non- Controlling Interests	Total Equity
						(Amounts in Thousands)						
Balances at December 31, 2017, as previously reported	P12,016,129	P-	P2,252,826	P105,824	(P1,626,290)	P64,104	P301,846	(P122,263)	(P61,868)	P12,930,308	P56	P12,930,364
Effect of change in accounting policy for investment properties and land (Note 2)	-	-	-	-	(2,685,317)	-	(301,846)	-	-	(2,987,163)	(30)	(2,987,193)
Balances at January 1, 2018, as restated	12,016,129	-	2,252,826	105,824	(4,311,607)	64,104	-	(122,263)	(61,868)	9,943,145	26	9,943,171
Effect of the adoption of PFRS 9, Financial Instruments (Note 2)	-	-	-	-	(230,893)	346	-	-	-	(230,547)	(5)	(230,552)
Balances at January 1, 2018	12,016,129	-	2,252,826	105,824	(4,542,500)	64,450	-	(122,263)	(61,868)	9,712,598	21	9,712,619
Transfer to surplus reserves	-	-	-	69	(69)	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	626,233	(45,034)	-	(54,796)	86,889	613,292	3	613,295
Balances at December 31, 2018	P12,016,129	P-	P2,252,826	P105,893	(P3,916,336)	P19,416	P-	(P177,059)	P25,021	P10,325,890	P24	P10,325,914
Balances at January 1, 2017, as previously reported	P7,489,114	P4,581,340	P813,515	P105,772	(P2,345,243)	P33,621	P280,228	(P72,739)	(P95,679)	P10,789,929	(P8,193)	P10,781,736
Effect of change in accounting policy for investment properties and land (Note 2)	-	-	-	-	(2,362,768)	-	(280,228)	-	-	(2,642,996)	(30)	(2,643,026)
Balances at January 1, 2017, as restated	7,489,114	4,581,340	813,515	105,772	(4,708,011)	33,621	-	(72,739)	(95,679)	8,146,933	(8,223)	8,138,710
Collection of subscription receivable (Note 23)	-	1,394,320	-	-	-	-	-	-	-	1,394,320	-	1,394,320
Issuance of common stock (Note 23)	4,527,015	(5,975,660)	1,448,645	-	-	-	-	-	-	-	-	-
Transfer to surplus reserves	-	-	-	52	(52)	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	396,456	30,483	-	(49,524)	33,811	411,226	3	411,229
Acquisition of non-controlling interests (Note 7)	-	-	(9,334)	-	-	-	-	-	-	(9,334)	8,246	(1,088)
Balances at December 31, 2017	P12,016,129	P-	P2,252,826	P105,824	(P4,311,607)	P64,104	P-	(P122,263)	(P61,868)	P9,943,145	P26	P9,943,171
Balances at January 1, 2016, as previously reported	P7,489,114	P3,187,019	P813,601	P105,772	(P2,745,295)	P25,831	P280,228	(P52,394)	(P172,665)	P8,931,211	(P7,176)	P8,924,035
Effect of change in accounting policy for investment properties and land (Note 2)	-	-	-	-	(2,129,852)	-	(280,228)	-	-	(2,410,080)	(30)	(2,410,110)
Balances at January 1, 2016, as restated	7,489,114	3,187,019	813,601	105,772	(4,875,147)	25,831	-	(52,394)	(172,665)	6,521,131	(7,206)	6,513,925
Collection of subscription receivable (Note 23)	-	1,394,321	-	-	-	-	-	-	-	1,394,321	-	1,394,321
Total comprehensive income (loss) for the year	-	-	-	-	167,136	7,790	-	(20,345)	76,986	231,567	(172)	231,395
Acquisition of non-controlling interests (Note 7)	-	-	(86)	-	-	-	-	-	-	(86)	(858)	(944)
Deposit for future stock subscription	-	-	-	-	-	-	-	-	-	-	13	13
Balances at December 31, 2016	P7,489,114	P4,581,340	P813,515	P105,772	(P4,708,011)	P33,621	P-	(P72,739)	(P95,679)	P8,146,933	(P8,223)	P8,138,710
See accompanying Notes to Financial Statements.												
Parent Company												
Years Ended December 31, 2018, 2017 and 2016												
	Common Stock (Note 23)	Subscribed Common Stock - net (Note 23)	Additional Paid-in Capital	Surplus Reserves (Note 23)	Deficit (Notes 2 and 23)	Unrealized Gain (Loss) on Financial Assets Carried at Fair Value Through Other Comprehensive Income (Note 10)	Revaluation Increment on Land, Office Units and Condominium Properties	Cumulative Translation Adjustment	Remeasurement Gains (Losses) on Retirement Liability (Note 27)	Total		Total Equity
						(Amounts in Thousands)						
Balances at December 31, 2017, as previously reported	P12,016,129	P-	P2,262,246	P105,824	(P1,626,290)	P64,104	P301,846	(P122,263)	(P61,868)	P12,939,728		
Effect of change in accounting policy for investment properties and land (Note 2)	-	-	-	-	(2,685,317)	-	(301,846)	-	-	(2,987,163)		
Balances at January 1, 2018, as restated	12,016,129	-	2,262,246	105,824	(4,311,607)	64,104	-	(122,263)	(61,868)	9,952,565		
Effect of the adoption of PFRS 9, Financial Instruments (Notes 2 and 3)	-	-	-	-	(230,893)	346	-	-	-	(230,547)		
Balances at January 1, 2018	12,016,129	-	2,262,246	105,824	(4,542,500)	64,450	-	(122,263)	(61,868)	9,722,018		
Transfer to surplus reserves	-	-	-	69	(69)	-	-	-	-	-		
Total comprehensive income (loss) for the year	-	-	-	-	626,233	(45,034)	-	(54,796)	86,889	613,292		
Balances at December 31, 2018	P12,016,129	P-	P2,262,246	P105,893	(P3,916,336)	P19,416	P-	(P177,059)	P25,021	P10,335,310		
Balances at January 1, 2017, as previously reported	P7,489,114	P4,581,340	P813,601	P105,772	(P2,345,243)	P33,621	P280,228	(P72,739)	(P95,679)	P10,790,015		
Effect of change in accounting policy for investment properties and land (Note 2)	-	-	-	-	(2,362,768)	-	(280,228)	-	-	(2,642,996)		
Balances at January 1, 2017, as restated	7,489,114	4,581,340	813,601	105,772	(4,708,011)	33,621	-	(72,739)	(95,679)	8,147,019		
Collection of subscription receivable (Note 23)	-	1,394,320	-	-	-	-	-	-	-	1,394,320		
Issuance of common stock (Note 23)	4,527,015	(5,975,660)	1,448,645	-	-	-	-	-	-	-		
Transfer to surplus reserves	-	-	-	52	(52)	-	-	-	-	-		
Total comprehensive income (loss) for the year	-	-	-	-	396,456	30,483	-	(49,524)	33,811	411,226		
Balances at December 31, 2017	P12,016,129	P-	P2,262,246	P105,824	(P4,311,607)	P64,104	P-	(P122,263)	(P61,868)	P9,952,565		
Balances at January 1, 2016, as previously reported	P7,489,114	P3,187,019	P813,601	P105,772	(P2,745,295)	P25,831	P280,228	(P52,394)	(P172,665)	P8,931,211		
Effect of change in accounting policy for investment properties and land (Note 2)	-	-	-	-	(2,129,852)	-	(280,228)	-	-	(2,410,080)		
Balances at January 1, 2016, as restated	7,489,114	3,187,019	813,601	105,772	(4,875,147)	25,831	-	(52,394)	(172,665)	6,521,131		
Collection of subscription receivable (Note 23)	-	1,394,321	-	-	-	-	-	-	-	1,394,321		
Total comprehensive income (loss) for the year	-	-	-	-	167,136	7,790	-	(20,345)	76,986	231,567		
Balances at December 31, 2016	P7,489,114	P4,581,340	P813,601	P105,772	(P4,708,011)	P33,621	P-	(P72,739)	(P95,679)	P8,147,019		





# Statements of Cash Flows

	Consolidated			Parent Company		
	Years Ended December 31					
	2017	2016		2017	2016	
	(As restated -	(As restated -		(As restated -	(As restated -	
	2018	Note 2)	2018	Note 2)	Note 2)	2018
	(Amounts in Thousands)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱853,965	₱612,806	₱318,959	₱852,514	₱600,504	₱297,733
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:						
Provision for credit and impairment losses (Note 17)	267,736	338,595	473,454	209,914	288,911	391,581
Depreciation and amortization (Note 13)	404,353	419,853	415,314	386,917	395,332	393,493
Accretion of interest on unquoted debt securities (Note 12)	(94,844)	(93,478)	(180,520)	(94,844)	(93,478)	(180,520)
Loss (profit) from assets sold (Notes 13, 14 and 16)	(12,763)	(30,529)	(8,641)	9,562	(21,966)	(4,685)
Unrealized loss (gain) on financial assets at fair value through profit or loss (Note 26)	(23,336)	13,243	(48,339)	(23,336)	13,243	(48,339)
Share in net income of subsidiaries and an associate (Note 7)	(250)	(692)	(263)	(23,231)	(11,341)	(25,327)
Loss (gain) on assets exchange (Note 14)	(23,112)	(5,406)	(32,097)	(13,133)	162	(32,094)
Gain on reclassification of investment securities from amortized cost to fair value through profit or loss (Note 11)	—	—	(198,700)	—	—	(198,700)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Loans and receivables (Note 33)	(7,397,337)	(7,548,902)	(9,969,993)	(7,156,411)	(7,738,667)	(9,970,103)
Financial assets at fair value through profit or loss	1,870,591	(2,453,231)	341,813	1,870,591	(2,453,231)	341,813
Other assets	(70,826)	(326,804)	114,830	(63,370)	(165,318)	118,625
Increase (decrease) in the amounts of:						
Deposit liabilities	3,292,913	7,565,179	4,843,628	3,290,312	7,845,913	4,643,587
Manager's checks	(329,958)	127,020	191,472	(329,958)	127,020	191,472
Accrued interest, taxes and other expenses	263,343	4,949	(124,610)	250,926	40,743	(118,962)
Other liabilities	7,918	240,749	79,219	9,202	207,515	73,911
Net cash used for operations	(991,607)	(1,136,648)	(3,784,474)	(824,345)	(964,658)	(4,126,515)
Income taxes paid	(231,355)	(197,870)	(192,375)	(227,778)	(181,616)	(152,818)
Net cash used in operating activities	(1,222,962)	(1,334,518)	(3,976,849)	(1,052,123)	(1,146,274)	(4,279,333)
CASH FLOWS FROM INVESTING ACTIVITIES						
Decrease (increase) in interbank loans receivable	49,290	(12,692)	(49,720)	49,290	(12,692)	(49,720)
Acquisitions of:						
Financial assets at FVTOCI	(18,656,439)	—	—	(18,656,439)	—	—
Investment securities at amortized cost	(41,444)	(2,351,707)	(2,264,061)	(41,444)	(2,351,707)	(2,264,061)
Property and equipment (Note 13)	(123,170)	(45,848)	(146,030)	(109,712)	(45,848)	(136,227)
Software costs (Note 15)	(33,583)	(30,358)	(32,984)	(32,979)	(30,358)	(32,140)
Investment properties (Notes 13 and 14)	(423)	—	(30,005)	(423)	—	(30,005)
Subsidiaries (Note 7)	—	(2,634)	—	—	—	—
Additional investments in subsidiaries (Note 7)	—	(1,088)	—	—	—	(45,942)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2017	2016		2017	2016	
	(As restated -	(As restated -		(As restated -	(As restated -	
	2018	Note 2)	Note 2)	2018	Note 2)	Note 2)
	(Amounts in Thousands)					
Proceeds from disposals of:						
Financial assets at FVTOCI	₱13,604,095	P=	P=	₱13,604,095	P=	P=
Investment properties (Note 14)	62,938	62,984	48,837	1,128	57,032	50,323
Property and equipment (Note 13)	14,816	15,860	24,272	14,293	11,102	24,272
Chattel mortgage	154,313	85,349	11,839	154,313	85,349	11,839
Proceeds from maturity of investment securities	405,000	70,000	3,596,957	405,000	70,000	3,596,957
Net cash provided by (used in) investing activities	(4,564,607)	(2,210,134)	1,159,105	(4,612,878)	(2,217,122)	1,125,296
CASH FLOWS FROM FINANCING ACTIVITIES						
Availments of:						
Bills payable	423,360,260	190,375,643	103,725,503	423,185,782	190,375,643	103,725,500
Outstanding acceptances	265,439	324,197	405,111	265,440	324,197	405,111
Marginal deposits	2,391	3,410	37,683	2,391	3,410	37,683
Settlements of:						
Bills payable	(418,263,661)	(187,907,410)	(100,107,738)	(418,156,982)	(187,907,410)	(99,922,984)
Outstanding acceptances	(285,122)	(295,302)	(412,820)	(285,123)	(295,302)	(412,820)
Marginal deposits	(2,619)	(3,043)	(39,033)	(2,619)	(3,043)	(39,033)
Proceeds from shares subscription (Note 23)	—	1,394,320	1,394,321	—	1,394,320	1,394,321
Net cash provided by financing activities	5,076,688	3,891,815	5,003,027	5,008,889	3,891,815	5,187,778
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENT						
	(54,796)	(49,524)	(20,345)	(54,796)	(49,524)	(20,345)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(765,677)	297,639	2,164,938	(710,908)	478,895	2,013,396
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	974,207	1,042,611	1,343,340	941,823	1,011,756	1,311,615
Due from Bangko Sentral ng Pilipinas	15,340,711	13,356,075	11,909,774	15,279,084	13,276,681	11,839,461
Due from other banks	1,166,063	2,996,758	2,008,522	965,820	2,631,497	1,786,592
Interbank loans receivable (Note 33)	472,513	260,411	229,281	472,513	260,411	229,281
	17,953,494	17,655,855	15,490,917	17,659,240	17,180,345	15,166,949
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	1,389,869	974,207	1,042,611	1,357,609	941,823	1,011,756
Due from Bangko Sentral ng Pilipinas	15,224,382	15,340,711	13,356,075	15,168,302	15,279,084	13,276,681
Due from other banks	379,723	1,166,063	2,996,758	228,578	965,820	2,631,497
Interbank loans receivable (Note 33)	193,843	472,513	260,411	193,843	472,513	260,411
	₱17,187,817	₱17,953,494	₱17,655,855	₱16,948,332	₱17,659,240	₱17,180,345

## OPERATIONAL CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	Years Ended December 31					
	2018	2017	2016	2018	2017	2016
	(Amounts in Thousands)					
Interest paid	<b>₱1,514,955</b>	₱1,040,615	₱1,061,279	<b>₱1,461,109</b>	₱973,150	₱996,632
Interest received	<b>4,678,218</b>	3,851,860	3,554,941	<b>4,368,913</b>	3,485,682	3,352,973

See accompanying Notes to Financial Statements.

# Business Contribution by Segment

	Consolidated								Total
	2018								
	Branch Banking Group	Corporate Banking Group	Treasury Segment	Consumer Finance Segment	Trust and Wealth Management Segment	Unallocated	RAP	RAP-PFRS Adjustments/ Others	
Revenue									
Revenue, net of interest expense									
Third party	(P982,678)	P2,500,468	P241,816	P1,258,808	P1,832	(P26,656)	P2,993,590	P120,797	P3,114,387
Intersegment	2,238,227	(1,789,558)	(194,079)	(565,253)	(3,066)	313,729	—	—	—
Other operating income	116,687	228,565	12,829	155,487	15,707	753,191	1,282,466	13,474	1,295,940
Total operating income	1,372,236	939,475	60,566	849,042	14,473	1,040,264	4,276,056	134,271	4,410,327
Compensation and fringe benefits	298,086	73,989	40,098	227,851	10,071	504,036	1,154,131	(747)	1,153,384
Taxes and licenses	216,090	131,051	87,973	88,822	1,005	45,702	570,643	4,894	575,537
Depreciation and amortization	100,512	3,296	1,530	24,395	640	319,030	449,403	(45,050)	404,353
Provision for (reversal of) credit and impairment losses	—	166,914	—	199,457	—	(3,040)	363,331	(95,595)	267,736
Occupancy and other equipment-related costs	173,828	22,645	886	31,397	1,763	29,920	260,439	78	260,517
Other operating expenses	295,773	51,795	57,671	131,755	2,981	358,069	898,044	(3,209)	894,835
Net operating income (loss) before income tax	P287,947	P489,785	(P127,592)	P145,365	(P1,987)	(P213,453)	P580,065	P273,900	P853,965
Segment results									
Net interest income (loss)	P1,255,550	P710,911	P24,665	P693,554	(P1,234)	P287,073	P2,970,519	P143,868	P3,114,387
Rent income	—	—	—	—	—	661,017	661,017	—	661,017
Service charges, fees, and commissions	81,845	206,380	3	90,680	—	4,161	383,069	13	383,082
Foreign exchange gain - net	13,125	9,521	27,307	—	—	—	49,953	—	49,953
Trading and securities gain - net	—	—	23,072	—	—	—	23,072	264	23,336
Gain on assets exchange - net	—	—	—	2,799	—	—	2,799	20,313	23,112
Income from trust operations	—	—	—	—	15,707	—	15,707	—	15,707
Profit (loss) from assets sold	—	—	—	54,865	—	(7,518)	47,347	(34,584)	12,763
Miscellaneous	21,716	12,663	(14,481)	7,144	—	95,531	122,573	4,397	126,970
Total operating income	1,372,236	939,475	60,566	849,042	14,473	1,040,264	4,276,056	134,271	4,410,327
Compensation and fringe benefits	298,086	73,989	40,098	227,851	10,071	504,036	1,154,131	(747)	1,153,384
Taxes and licenses	216,090	131,051	87,973	88,822	1,005	45,702	570,643	4,894	575,537
Depreciation and amortization	100,512	3,296	1,530	24,395	640	319,030	449,403	(45,050)	404,353
Provision for (reversal of) credit and impairment losses	—	166,914	—	199,457	—	(3,040)	363,331	(95,595)	267,736
Occupancy and other equipment-related costs	173,828	22,645	886	31,397	1,763	29,920	260,439	78	260,517
Other operating expenses	295,773	51,795	57,671	131,755	2,981	358,069	898,044	(3,209)	894,835
Total operating expenses	1,084,289	449,690	188,158	703,677	16,460	1,253,717	3,695,991	(139,629)	3,556,362
Segment profit (loss)	287,947	489,785	(127,592)	145,365	(1,987)	(213,453)	580,065	273,900	853,965
Provision for income tax	—	(7,671)	(139,846)	(7,027)	—	(82,991)	(237,535)	9,806	(227,729)
Non-controlling interests in net income of subsidiaries	—	—	—	(4)	—	—	(4)	1	(3)
Net income (loss)	P287,947	P482,114	(P267,438)	P138,334	(P1,987)	(P296,444)	P342,526	P283,707	P626,233
Segment assets									
Property and equipment	P368,664	P—	P—	P79,738	P—	P1,176,633	P1,625,035	(P603,686)	P1,021,349
Investment properties	—	—	—	68,370	—	3,615,524	3,683,894	(1,075,119)	2,608,775
Unallocated assets	10,365,171	44,666,299	28,717,292	13,978,779	60,497	3,873,078	101,661,116	(1,541,918)	100,119,198
Total segment assets	P10,733,835	P44,666,299	P28,717,292	P14,126,887	P60,497	P8,665,235	P106,970,045	(P3,220,723)	P103,749,322
Total segment liabilities	P61,704,297	P2,686,242	P22,978,260	P1,863,489	P—	P5,100,855	P94,333,143	(P909,735)	P93,423,408



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