

SEC Number **PW-686**
Company TIN **000-263-340**

PHILIPPINE BANK OF COMMUNICATIONS

(Company's Full Name)

PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City
(Company's Address: No. Street City/Town/Province)

830-7000

(Company's Telephone Number)

December 31
(Fiscal Year Ending)
(Month & Day)

3rd Tuesday of June
Annual Meeting

SEC Form 17-A
(Annual Report Pursuant to Section 17 of the Securities Regulation Code
And Section 141 of the Corporation Code)
(FORM TYPE)

N/A

Amendment Designation (If Applicable)

None

(Secondary License Type, if any)

Atty. Michael Stephen H. Lao
(Company Representative)

212-167-776
(TIN)

June 16, 1983
(Birth Date)

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Central Receiving Unit

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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



1. For the fiscal year ended December 31, 2019
2. SEC Identification Number PW-686 3. BIR Tax Identification No. 000-263-340
4. Exact name of issuer as specified in its charter Philippine Bank of Communications
5. Philippines
Province, country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City 1226
Address of principal office Postal Code
8. (632) 830-7000
Issuer's telephone number, including area code
9. N/A
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common</u>	<u>480,645,163 shares</u>

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

Yes [X] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common Stock

12. Check whether the issuer:

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

Yes [/] No []

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

Yes [/] No []

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

Non-affiliated shares	-	118,101,904
Closing price as of April 30, 2020	-	₱16.70
Aggregate market value of voting stock	-	₱ 1,972,301,796

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. The Company

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

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

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

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

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

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

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

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

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

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

- a. Reclassification of Bank's existing 120,000,000 preferred shares to common shares;
- b. Reduction of the par value of all its common shares from ₱100 per share to ₱25 per share; and
- c. Increase in authorized capital stock to ₱19,000,000,000 divided into 760,000,000 common shares with a par value of ₱25 per share.

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

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

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

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

In 2015, both PGH and VFC bought additional 2.4 million shares and on following year an additional 0.49 million shares and 9.49 million shares were acquired by PGH and VFC, respectively. In 2018, PGH bought an additional 2.27 million shares. In 2019, VFC acquired 0.49 million additional shares in 2019 bringing the Co Family's total stake in the Parent Company at 53.65% as of December 31, 2019.

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

Business of Registrant

PBCOM offers a wide range of products and services to clients. These include basic commercial banking services such as deposit products, credit and loan facilities, trade-related services, treasury and foreign exchange trading, cash management services and Trust and Investment Management services.

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

Credit and loan facilities include working capital financing, post-dated check discounting, specialized lending programs such as contract-to-sell financing. Structured Products including trade financing was introduced in August 2005. In 2012, the Bank launched home and auto loans while the personal loan product was launched in April 2013.

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

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

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

Contribution to Operating Income

The contribution to Operating Income is broken down as follows: (1) 70.6% is derived from net interest income, this includes interest income from lending, investment securities and others receivables less interest expense and finance charges (2) 29.4% is from non-interest income consisting of trading gains, service charges, fees and commissions, income from trust operations, profit/loss from asset sold, foreign exchange gain/loss, rental income and miscellaneous income.

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

Distribution Methods of Products and Services

The Parent Bank's liability and ancillary products and services are distributed primarily through its 92 branches, 3 of which are in Pop-Up formats situated in selected Puregold stores.

PBCOM clients may also conduct their transaction in various channels such as the 149 automated teller machines deployed in strategic branch sites and in 65 off-site locations. In addition, the Bank has also deployed 44 Cash Deposit Machines across various sites to help service the deposit transactions of its clients.

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

Competition

As of end 2019, the Philippine commercial banking industry is composed of 25 commercial banks (KB) of which 5 are private domestic commercial banks and 20 are foreign banks with either established subsidiaries or foreign branch licenses.

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

PBCOM have registered the trademarks for PBCOM Online Platform and PBCOM Value Check.

Customers

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

Subsidiaries and Affiliates

The Bank acquired two Rural Banks in 2014, Rural Bank of Nagcarlan Inc. (RBNI) on July 28, 2014 and Banco Dipolog Inc. (BDI) on September 8, 2014.

RBNI was registered with the Securities and Exchange Commission on May 31, 1962 with Registration No. 20816. RBNI was authorized by the Bangko Sentral ng Pilipinas (BSP) on June 2, 1962 to engage in rural banking business. Its head office was located at 692 Jose Coronado St., Nagcarlan, Laguna and had 6 branches located in various municipalities of Laguna.

BDI was formally organized under the Corporation Code of the Philippines on October 17, 1957 and the first bank established in Dipolog City and in the Zamboanga Peninsula. It was one of the leading rural banks in Southern Philippines. Another rural bank, Rural Bank of Kabasalan, Inc. (RBKI), from an earlier acquisition, was in the process of consolidation with BDI in 2014.

To capitalize on the strength of its Rural Banks, PBCOM merged BDI, RBNI and RBKI with BDI as the surviving entity. BSP's Monetary Board approved the merger last December 11, 2017. To reinforce brand

unity with PBCOM, BDI filed for change of name to PBCOM Rural Bank, Inc. (PRBI). This was approved by SEC last July 9, 2018 and change was authorized by BSP last July 27, 2018.

In July 29, 2019, PBCOM sold its stake in the Rural Bank to Producers Savings Bank.

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

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

Transaction with and/or Dependence on Related Parties

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

As required by BSP, the Bank discloses loan transactions with its associates, affiliates and with certain directors, officers, stockholders and related interests (DOSRI). As of December 31, 2019 the Bank is compliant with DOSRI rules and regulations.

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

Effect of Existing or Probable Government Regulations

Banako Sentral ng Pilipinas

The Bank fully complies with the required capitalization for commercial banks without expanded banking licenses (non-unibank) as prescribed by the BSP. The Bank's consolidated qualifying capital as of end-December 31, 2019 stood at ₱13.34 Billion while its capital to risk assets ratio under the BASEL III reporting standards covering credit, market and operational risks as reported to BSP remained well above the 10% prescribed cap at 16.47%.

Bureau of Internal Revenue

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

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

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

On March 15, 2011, the BIR issued RR 4-2011 which prescribes the attribution and allocation of expenses between the FCDUs/EFCDUs or OBUs and RBU and within RBU.

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

Research and Development Activities

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

Employees

As of December 31, 2019 the Parent bank has 1,079 employees with 765 officers and 314 rank-and-file. All rank-and-file employees are covered by a 3-year collective bargaining agreement (CBA) signed last September 21, 2018, with effect until December 31, 2020. There had been neither dispute nor occurrence of employees' strike for the past years.

Risk Management

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

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

ERM Vision, Mission, Philosophy and Objectives

Risk Vision Statement

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

Risk Mission Statement

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

ERM Philosophy

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

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

ERM Objectives

- To identify, measure, manage and control risks inherent in PBCOM's activities or embedded in its portfolio;
- Define and disseminate risk management philosophy and policies;

- Assist risk-taking business and operating units in understanding and measuring risk/return profiles;
- Develop a risk management infrastructure that includes policies and procedures, organization, limits and approval authorities, MIS and reporting, systems and risk models and;
- Promote a risk awareness and strong "control culture" in PBCOM.

PBCOM Enterprise Risk Governance

The Board of Directors, directly, or through Board Committees, ensures alignment of business decisions with the Bank's strategies and risk appetite. It approves key risk policies, limits, and strategies, aside from the Bank's risk appetite. It is responsible for establishing and maintaining a sound risk management system and is ultimately accountable for risks taken within the Bank.

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, its subsidiaries, and its trust unit. Its responsibilities are to:

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

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

Capital Management

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

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

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

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

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

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

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

The Bank's capital charge for credit risk is computed at 10% of credit risk-weighted on- and off- balance sheet assets. Risk weights of on-balance sheet assets are computed using the standardized approach. For off-balance sheet assets, the risk weights are calculated by multiplying the notional principal amount by the appropriate credit conversion factor as specified in BSP Circular No. 538.

Market risk capital charge is computed according to the methodology set under BSP Circular No. 360, as amended by BSP Circular No. 538, using the standardized approach. Under this approach, capital for market risk is equivalent to 10% of market risk-weighted assets that cover interest rate, equity, and foreign exposures of the Bank.

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

Market, Liquidity and Interest Rate Risk Management

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

Liquidity risk refers to the possibility that the Bank will be unable to meet its financial obligations in any currency. To ensure compliance, the Bank requires daily monitoring of regulatory ratios such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Bank utilizes other 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 cash flows. The Bank also applies Liquidity Risk Assessment Matrix to create and assess its overall liquidity risk profile. 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 demand and supply of funds for new loans and funding of potential amount of liability outflows. This will allow the Bank to readily support its new business strategies and direction, and manage liquidity risk.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Bank follows a prudent policy in managing its assets and liabilities so as to ensure that the exposure to fluctuations in interest rates is kept within acceptable limits. A substantial proportion of the total loan portfolio is for a term of less than one year and the majority of the balance of its medium-term portfolio is on a floating-rate basis. Floating rate loans are repriced periodically by reference to the transfer pool rate which reflects the Bank’s internal cost of funds. As a result of these factors, the Bank’s exposure to interest rate fluctuations and other market risks is significantly reduced. The Bank, in keeping with banking industry practice, aims to achieve stability and lengthen the term structure of its deposit base while providing adequate liquidity to cover transactional banking requirements of customers. The Bank uses Earnings-at-Risk (EaR), Economic Value of Equity (EVE), and Interest Rate Repricing Gap reports to measure the possible impact to net interest income and net worth of the Bank under a simulated parallel movement of interest rate. Likewise, a system of risk limits and key risk indicators is also employed by the Bank to manage interest rate risk in the banking book.

Credit Risk Management

Credit Risk Management Process

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

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

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

Credit Exposure Limits

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

Other Credit Enhancements

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

The Bank also has in place an independent post credit review of the loan portfolio quality and credit process that allows it to continually identify and assess the risks on credit exposures and take corrective actions. This function is carried out by the Credit Policy and Review Division under the Bank's Enterprise Risk Management/ICAAP Group.

The management of the credit portfolio is subject to internal and regulatory limits which serve to control the magnitude of credit risk exposures and preserve the quality of the portfolio. ERMG also monitors large exposures and credit risk concentrations in accordance with BSP regulations.

Operational Risk Management

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

The Bank's Operational Risk Management Framework is 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, whistle-blowing and handling of administrative cases are in place.

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

To instill risk awareness and an operational risk control environment, the Bank's ERMG and Compliance Management Group (CG) conduct regular in-house seminars and trainings, such as orientation for newly-hired employees, with presentations focusing on risk management and regulatory compliance. Both

groups continuously develop and implement risk management and compliance policies, while holding interactive meetings with operating units to address risk issues and implement process enhancements. The Bank employs Computer-Based Training (CBT) to make training content more readily available and accessible. The CBT also provides training and tests statistics and analytics, and a database for employees' educational achievements.

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

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

The Bank has in place a Business Continuity Management Framework that provides guidance for continuous operations in the event of any disruptions and proactive mechanisms designed to prevent interruptions to critical business functions and improve the Bank's resiliency. It follows a robust business continuity planning process that involves the conduct of a business impact analysis/risk assessment, periodic review and updating of business continuity plans, and conduct of BCP tests and tests evaluation. Crisis Management and Emergency Preparedness Plan, Pandemic, and Cyber Resiliency Plans are established. These documents detail the step by step procedures to be taken to respond to the threat or impact of a crisis, and how the Bank will respond to emergencies to protect life, property and environment, addressed in timely manner.

Fraud risk is also 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:

- a. Fraud risk assessment at process-level controls to address risks associated with the consumers increasing sophistication in digital banking;
- b. Centralization of Internal Operational Loss Data and Fraud Loss events to identify the scope of the risks on an enterprise wide basis;
- c. Support to the Bank's transformation/development and implementation of new digital technologies to enhance effectiveness of managing both cyber and non-cyber related fraud risks;
- d. Active participation in related industry forums and forming partnerships to maintain a "leading edge" approach to address the risk challenges pose by digitization initiatives of the bank; and
- e. In-house seminars conducted with key focus on basic training and awareness programs both on traditional and 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.

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 SSMShing, and other security related activities.

Data Privacy Management

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

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

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

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.

Trust Risk Management

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

Risks arising in the performance of trust duties and obligations are addressed through the Trust

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

- a. Periodic stress testing of Trust and Wealth portfolio
- b. Risk Management Dashboard
- c. Risk Limit Monitoring
- d. Risk Control Self-Assessments (RCSA)
- e. Trust risk management policies

Item 2. Properties

PBCOM's Head Office is located at PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City. The Bank currently owns 50% of PBCOM Tower which was constructed under a Joint Development Agreement with Filinvest Asia Corporation. The Bank has a total of 89 branches and 3 branch lites as of December 31, 2019. Most of these are located in the metropolitan areas of Luzon, Visayas and Mindanao.

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

Item 3. Legal Proceedings

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

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

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

Common shares of the Bank are traded in the Philippine Stock Exchange.

Stock prices:

	2019		2018		2017	
	High	Low	High	Low	High	Low
First Quarter	23.95	18.02	₱24.45	₱21.50	₱26.40	₱22.00
Second Quarter	22.40	20.05	20.05	20.00	26.50	24.20
Third Quarter	22.90	20.40	20.55	20.45	26.50	24.35
Fourth Quarter	22.55	20.40	20.20	19.78	25.50	22.35

As of April 30, 2020, closing price of the Bank's common share was ₱16.70.

Holdings

As of December 31, 2019, there were 357 shareholders of the Bank's 480,645,163 issued and outstanding common shares.

The top 20 registered stockholders of the Bank as of December 31, 2019 are as follows:

	Name of Shareholder	Nationality	No. of Shares	%
1.	P.G. Holdings, Inc.	Filipino	186,241,408	38.75%
2.	VFC Land Resources, Inc.	Filipino	71,619,038	14.90%
3.	Recto, Eric O.	Filipino	50,135,776	10.43%
4.	PCD Nominee Corporation:		48,084,063	10.00%
	Filipino - 46,159,724			
	Non-Filipino - 1,924,339			
5.	Nubla, Jr., Ralph C.	Filipino	46,519,036	9.68%
6.	Telengtan Brothers & Sons, Inc.	Filipino	31,859,844	6.63%
7.	Langford Universal Finance Ltd.	B.V.I.	15,263,964	3.18%
8.	La Suerte Workmen's Compensation Fund	Filipino	7,687,833	1.60%
9.	ISM Communications Corporation	Filipino	4,806,987	1.00%
10.	TTC Development Corporation	Filipino	4,181,665	0.87%
11.	Roxas-Chua, Ray Anthony Go	Filipino	3,070,724	0.64%
12.	Cham, Edison Siy	Filipino	1,790,853	0.37%
13.	KLG International, Inc.	Filipino	1,790,853	0.37%
14.	Yu, Gregorio T.	Filipino	1,432,692	0.30%
15.	Chungunco, Raymond N.	Filipino	604,011	0.13%
16.	TFC Holdings, Inc.	Filipino	562,588	0.12%
17.	Chung, Bunsit G. (a.k.a. Carlos G. Chung)	Filipino	550,716	0.11%
18.	Chung, Patricia Regine K.	Filipino	261,294	0.05%
19.	Chung, Philippe Ryan K.	Filipino	261,294	0.05%
20.	Ching, Winnifred	Filipino	187,798	0.04%

Dividends History:

Year	Stock Dividend	Cash Dividend
2019	₱-	₱-
2018	-	-
2017	-	-

The Bank strictly complies with the BSP regulatory requirements under Subsection X136.2 of the Manual of Regulations for Banks which states that before any declaration of dividends, banks shall comply with the following:

- a. Clearing account with the Bangko Sentral is not overdrawn;
- b. Liquidity floor requirement for government funds;
- c. Minimum capitalization requirement and risk-based capital ratio;
- d. Prescribed EFCDU/FCDU cover;
- e. Statutory and liquidity reserves requirement;
- f. No past due loans or accommodations with the Bangko Sentral or with any institution;
- g. No net losses from operations in any one (1) of the two (2) fiscal years immediately preceding the date of dividend declaration;
- h. Has not committed any of the major violations enumerated in Subsection X136.2.h.

Recent Sale of Unregistered Securities

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

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

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

(1) Management's Discussion & Analysis

Financial Condition & Results of Operations: 2019 (Consolidated)

The Bank registered a net income of ₱1.2 Billion for 2019. This is a ₱531 Million or 85% improvement from the 2018's net income of ₱626.2 Million. Total operating income increased by ₱971.5 Million or by 23.81% as the Bank sustains its business growth. Interest income from loans and receivables is higher by 20.01% from ₱3.7 Billion in 2018 to ₱4.5 Billion in 2019 as the Bank focused its efforts in expanding its corporate and consumer loan portfolios and increasing loan yields. Interest expense however grew by ₱432.8 Million or 26.54% compared to prior year period primarily from the rise in cost of funds and the impact of the increase in volume from the Bank's maiden issuance of Long Term Negotiable Certificates of Time Deposit (LTNCD). Low-cost deposit volume has improved as the Bank grew its demand and savings deposit base to ₱36.4 Billion from ₱28.1 Billion in the previous year. Time deposit and bills payable volume declined by ₱6.5 Billion and by ₱4.6 Billion, with balances of ₱36.6 Billion and ₱13.1 Billion, respectively by the end of current year. Trading results improved further year as the Bank recognized ₱408.4 Million in gains, a ₱385.1 Million or a 1,650.14% increase compared to last year. Higher profit from asset sold, rent income and service charges and fees also contributed to the growth to the Bank's bottom line. These were partially offset by the loss recognized from the sale of PBCOM Rural Bank, Inc. in July amounting to ₱171.2 Billion. Total operating expenses slightly went up by 6.5% from last year primarily due to higher Provision for losses by ₱167.7 Million, Miscellaneous expense by ₱94.3 Million, and Taxes and licenses by ₱81.2 Million partially offset by the decline in Occupancy and other equipment-related costs by ₱113.7 Million and lower Compensation and benefits by ₱61.7 Million from lower headcount.

Total Assets of PBCOM Group stood at ₱102.7 Billion at the end of 2019, from ₱103.7 Billion as of December 2018 primarily from lower liquid assets by ₱1.6 Billion due to the decline in Due from BSP by 33% from lower reserve requirement notwithstanding the Group's increase in lending activities which resulted to a ₱1.1 Billion increase in loans and receivable. Total property and equipment declined by ₱ 295.6 Million mainly due to depreciation and amortization and write-off of leasehold improvements. Investment properties also decreased by 6.9% due to depreciation and amortization and sale of ROPA in 2019. Moreover, other assets increased by ₱210.3 Million mostly brought about by the recognition of ROU starting in 2019 in compliance with PFRS16.

The Group's non-performing loans (NPL) decreased by ₱296.43 Million. Consequently, the Group's gross NPL ratio decreased by 0.58% from 4.40% in 2018 to 3.82% in 2019 as a result of improved collection efforts. PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Moreover, Total Liabilities amounted to ₱91.4 Billion with a slight decrease of 2.2% from the last year's end level of ₱93.4 Billion. This resulted mostly from lower bills payable by ₱4.6 Billion partially offset by the increase in deposits, particularly on demand and savings deposit, which showed an increase of 34.3% and 17.5%, respectively.

Total Capital, on the other hand, amounted to ₱11.4 Billion from ₱10.3 Billion in 2018. Improvement in capital by 10% was mainly contributed by the earnings of the Bank for the year. The Bank's Risk Based Capital Adequacy Ratio of 16.47% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

Financial Condition & Results of Operations: 2018 (Consolidated)

The Bank registered a net income of ₱626.2 Million for 2018. The bottom line grew by 57.96% or ₱229.8 Million from the restated 2017 net income of ₱396.4 Million mainly as a result of growth in corporate and consumer loan volume and improvement in yields.

Total interest income for 2018 improved by 21.32% to ₱4.8 Billion from ₱3.9 Billion. The Bank grew its loans and receivables by ₱6.7 Billion and improved its yields which resulted to higher income on loans and receivable by ₱812.3 Million. Interest income from trading and investment securities increased by 4.95% brought about by better market conditions and portfolio mix while interest on deposit with other banks declined by 28.31% or ₱4.5 Million. Higher year on year average interbank loans receivables volume accounts for 6.13% growth in interest income.

Net Interest Income improved by 7.33% as a result of better performance from the regular income streams of the Bank despite a corresponding increase in interest and finance charges by 59.60%.

Improvements in rental income by ₱97.8 Million, net trading gains by ₱36.6 Million, service charges, fees and commissions by ₱20.2 Million contributed to 8.71% increase in total operating income.

Total operating expenses increased by 3.2% from last year's restated level of ₱3.4 Billion primarily from higher taxes and licenses by ₱118.1 Million, higher occupancy and other equipment-related costs by ₱36.2 Million, higher insurance by ₱17.8 Million and higher management and professional fees by ₱7.9 Million. These were partially offset by declines in provisions for credit and impairment losses by ₱70.9 Million and in depreciation and amortization by ₱15.5 Million.

The total assets of the PBCOM Group stood at ₱103.7 Billion while total liabilities and equity amounted to ₱93.4 Billion and ₱10.3 Billion, respectively, as of December 31, 2018. Total liquid assets slightly went up by ₱1.97 Billion due to increase in trading and investment securities by 15% notwithstanding the Group's

increase in lending activities which resulted to a ₱6.7 Billion increase in loans and receivable. Despite increase in loans, the Group's non-performing loans (NPL) decreased by ₱7.6 Million. Consequently, the Group's gross NPL ratio declined by 0.69% from 5.09% in 2017 to 4.40% in 2018 as a result of improved collection efforts.

PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on a continuing basis at an optimum funding mix during the year.

The total financial assets at fair value through other comprehensive income, held by the Bank for long-term strategic purpose, increased by ₱6.7 Billion. On the other hand, year-end levels of investment securities at amortized cost and financial assets at fair value through profit and loss declined by ₱2.1 Billion and ₱1.8 Billion, respectively.

The Bank's deposit base registered a 4.66% or on increase of ₱3.3 Billion from ₱70.7 Billion last year brought about by the maiden issuance of Long Term Negotiable Certificates of Time Deposit (LTNCD) and aggressive marketing strategy of the Bank to improve funding mix focusing on low cost. The increase in deposit volume and higher cost of funds contributed to higher interest expense by ₱384.3 Million. Likewise, total borrowed funds went up by ₱5.1 Billion mainly coming from deposit substitutes placements and repos resulting to higher interest expense of ₱247.2 Million in the current year.

PBCOM's capital is at ₱10.3 Billion, up by ₱382.7 Million as of December 31, 2018 from ₱9.9 Billion restated capital as of year-end 2017. The Bank's Risk Based Capital Adequacy Ratio of 14.56% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

Financial Condition & Results of Operations: 2017 (Consolidated)

The comparative financial statements of the Bank are restated as a result of BSP's directive to change the method of accounting for investment properties from fair value model to cost model. The following discussion and analysis are based on the restated prior year balances.

The Bank registered a net income of ₱396.5 Million for 2017. The bottom line grew by 137.45% or ₱229.5 Million from ₱166.9 Million realized last year which is mainly attributed to the growth in loan volume.

Total interest income for 2017 improved by 8.98% to ₱4.0 Billion from ₱3.6 Billion. The Bank grew its loans and receivables by ₱7.3 Billion which resulted to higher income on loans and receivable by ₱313.9 Million. Income from trading and investment securities increased by 2.17% brought about by better market conditions and portfolio mix while interest on deposit with other banks declined by 57.89% or ₱21.8 Million. Higher interbank loans receivables volume by ₱224.8 Million account for 103.98% growth in interest income from interbank loans.

Net Interest Income improved by 11.77% as a result of better performance from the regular income streams of the Bank despite a corresponding increase in interest and finance charges by 2.02%. Improvements in rental income by ₱89.0 Million, miscellaneous income by ₱70 Million, net foreign exchange gain by ₱58.3 Million and profits from assets sold by ₱21.9 Million contributed to 6.7% increase in total operating income. Total operating expenses declined by 1.09% from last year's level of ₱3.4 Billion mainly brought about by the decline in provision for credit and impairment losses by ₱134.9 Million. Likewise, management and professional fees dropped by ₱42.5 Million, and compensation and fringe benefits dropped by ₱18.2 Million. These were offset partially by higher taxes and licenses by ₱51.0 Million, higher miscellaneous expenses by ₱46.2 Million and higher occupancy and other equipment-related costs by ₱39.9 Million. The total resource base of the PBCOM Group stood at ₱95.0 Billion while total liabilities and equity amounted to ₱85.1 Billion and ₱9.9 Billion, respectively, as of December 31, 2017. Total liquid assets slightly went up by ₱5.1 Billion due to increase in trading and investment

securities by 35.29% notwithstanding the Group's increase in lending activities which resulted to a ₱7.3 Billion increase in loans and receivable. Despite increase in loans, Group's non-performing loans (NPL) decreased by ₱63.4 Million.

Consequently, the Group's gross and net NPL ratios declined by 1.00% and 0.18%, to 4.22% and 0.99%, respectively, in 2017 as a result of improved collection efforts. PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments and likewise fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year. Total property and equipment declined by ₱174.9 Million mainly due to depreciation and amortization and write-off of leasehold improvements. Investment properties marginally also decreased by 7% due to depreciation and amortization. Moreover, other assets increased by ₱188.6 Million mostly brought about by the releases in allowances for favorable court decisions on tax refund cases. The Bank's deposit base registered a 12.02% or ₱7.6 Billion increase to ₱70.7 Billion as of year-end 2017 from ₱63.1 Billion during the same period last year brought about by the aggressive marketing strategy of Bank to improve funding mix focusing on low cost. This resulted in favorable reduction in interest expenses on deposits which went down by ₱26.8 Million from the previous year level of ₱861.4 Million in 2016 to ₱834.6 Million of the current reporting year. Likewise, total borrowed funds went up by ₱2.5 Billion mainly coming from deposit substitutes placements and repo resulting to increased interest expense of ₱47.8 Million in the current year. Year-end level of manager's check and other liabilities went up by ₱127.0 Million and by ₱214.6 Million respectively.

PBCOM's capital decreased to ₱9.9 Billion as of December 31, 2017 from ₱10.7 Billion as of year-end 2016, showing a decline of 0.8% or ₱.8 Billion. The decline is due to the restatement of investment properties from fair value to cost. In 2017, there was also payment of the 4th and final tranche of PG Holdings Corporation amounting to P1.4 Billion and increase in net income of ₱396.5 Million. The Bank's Risk Based Capital Adequacy Ratio of 15.85% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

(2) Discussion of various key indicators:

A. Key Performance Indicators

Ratio	December 2019 (Consolidated)	December 2018 (Consolidated)	Remarks
Profit Margin (Net income divided by Gross income)	22.91%	15.35%	Net income rose by ₱531 Million resulting to a higher profit margin compared to previous year
Return on Average Asset (Net income divided by Average assets)	1.12%	0.63%	Increase in net income and average assets for the year ended resulted to an increase ROA of 0.49% compared to previous year
Return on Average Equity (Net income divided by Average equity)	10.68%	6.18%	Higher net income by 84.80% and average equity resulted to an increase in return on average equity compared to the previous year.
Capital Adequacy Ratio (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	16.47%	14.56%	Movement in Capital Adequacy Ratio is attributable to increase in qualifying capital by 14.48%. It remains however above the 10% minimum CAR required by the BSP.
Basic Earnings per share (Net income divided by average no. of common shares)	2.41	1.30	The Bank's good financial performance resulted to a higher net income which resulted to an improved basic earnings per share.

B. Financial Soundness

Ratio	December 2019 (Consolidated)	December 2018 (Consolidated)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	48.23%	51.65%	Decline in liquidity ratio is attributable to movement of liquid assets which went down by 4.27%, while total deposits increased by 2.50%
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	88.95%	90.05%	Debt ratio went down by 1.10% as a result of decrease in both total liabilities and total assets by 2.18% and 0.97%, respectively
Asset to Equity Ratio (Total Asset to Total Equity)	9.05	10.05	The 9.97% growth in total equity resulted to decrease in total asset to equity ratio
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	177%	151%	Increase of 26.21% arising from increase in earnings before interest and taxes by 48.55% which outweighed the increase in interest expense by 26.54%
Net Interest Margin Net interest income over Average Earning assets	3.85%	3.70%	Slight increase of 0.15% was a result of increase in net interest income by 11.68%, higher than increase in average earning assets by 7.51%

Statement of Condition: December 2019 vs. December 2018 (consolidated)

(in thousands)	Increase/(Decrease)	Percentage Change	Explanation
Cash and Other Cash Items	1,308,813	94.17%	Higher cash on hand, mainly those in G4S machine
Due from Bangko Sentral ng Pilipinas	-5,010,861	-32.91%	Lower requirement for reserve
Due from Other Banks	-21,763	-5.73%	Lower investment in DFOB's
Interbank Loans Receivable	510,772	246.79%	Higher investment in interbank loans during the period
Financial Assets at Fair Value through Profit or Loss	774,611	86.72%	Higher investment in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	1,296,132	19.07%	Higher investment in FVOCI
Property and Equipment	-295,610	-28.94%	Depreciation recognized for the period
Foreclosed properties	-183,974	-23.82%	Sale of foreclosed properties
Office units for lease	-350	-9.66%	Depreciation recognized for the period
Goodwill	-182,227	-100.00%	Due to sale of subsidiary
Deferred Tax Assets	-74,487	-100.00%	Due to sale of subsidiary
Other Assets	210,331	25.27%	Recognition of Right-of-Use (ROU) Asset in compliance with PFRS16 (none yet as of Dec 2018)
Deposit Liabilities			
Demand	6,947,466	34.30%	Higher due to increase in volume of low-cost source of funds
Savings	1,369,631	17.54%	Higher due to increase in volume of low-cost source of funds
Time	-6,463,989	-15.01%	Lower TD volume due to the Bank's efforts to increase volume of low-cost source of funds

Bills Payable	-4,594,259	-26.02%	Lower bills payable- PN and BSP overnight lending
Outstanding Acceptances	45,511	98.20%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	345,364	354.41%	Higher un-negotiated MC's as of reporting date
Income Tax Payable	19,706	527.60%	Utilization in 2018 of excess MCIT of prior years
Deferred Tax Liabilities - net	-65,479	-98.82%	Due to sale of subsidiary
Other Liabilities	330,525	39.50%	Higher mainly due to lease liability recognized in compliance with PFRS 16 (none yet as of Dec 2018)

Statement of Condition: December 2018 vs. December 2017 (consolidated)

(in thousands)	Increase/(Decrease)	Percentage Change	Explanation
Cash and Other Cash Items	₱415,662	42.67%	Higher cash on hand, mainly those in held cash centers
Due from Other Banks	(786,340)	-67.44%	Lower investment in DFOB's
Interbank Loans Receivable	(327,961)	-61.31%	Lower investment in interbank loans during the period
Financial Assets at Fair Value through Profit or Loss	(1,847,255)	-67.41%	Lower investment in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	6,707,591	7400.34%	Increase as a result of the new FVOCI model adopted by the Bank.
Investment Securities at Amortized Cost	(2,075,602)	-13.46%	Decline mainly as a result of reclassification of HTC securities to FVOCI
Loans and Receivables	6,726,239	12.61%	Growth in corporate and consumer loan volume
Property and Equipment	(87,524)	-7.89%	Depreciation recognized for the period
Investment Properties			
Office units for lease	(375)	-9.38%	Depreciation and transfer from bank premises
Intangible Assets	(40,404)	-5.43%	Lower due to amortization of software during the year partially offset by acquisitions
Deferred Tax Assets - net	18,545	33.15%	Utilization of DTA on excess minimum income tax over regular income tax against income tax.
Other Assets	₱134,259	19.24%	Higher due to recognition of retirement plan assets and higher creditable withholding taxes
Deposit Liabilities			
Savings	(518,884)	-6.23%	Decline in volume of savings deposits
LTNCD	2,902,730	100.00%	Maiden issuance of Long Term Negotiable Certificates of Time Deposit (LTNCD)
Bills Payable	5,091,684	40.52%	Higher due to increase in volume of borrowings from deposit substitutes and bills payable – REPO
Outstanding Acceptances	(17,741)	-27.68%	Due to lower bills of exchange accepted by the Bank
Manager's Checks	(329,958)	-77.20%	Lower un-negotiated MC's as of reporting date
Accrued Interest, Taxes and Other Expenses	263,343	62.45%	Higher accrued interest payable and accrued taxes and licenses
Income Tax Payable	(9,723)	-72.25%	Utilization of DTA on excess minimum income tax over regular income tax against income tax.

Statement of Income and Expenses: Jan-Dec 2019 vs Jan-Dec 2018 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Loans and receivables	745,120	20.01%	Higher interest income mainly due to increase in yields and volume
Deposits with other banks	1,136	10.47%	Higher investment volume in other banks
INTEREST AND FINANCE CHARGES			
Deposit liabilities	339,768	29.24%	Higher due to higher cost of funds
Bills payable, borrowings and others	93,015	19.85%	Higher due to higher cost of funds and recognition of interest expense of lease liability in compliance with PFRS 16
NET INTEREST INCOME			
Rent income	75,324	11.40%	Higher contract rates from renewals and vacancy in 2019
Service charges, fees and commissions	64,592	18.84%	Increase mainly because of higher TFR income and penalty interest
Profit (loss) from assets sold	107,301	-1122.16%	Higher gain on sale of ROPA
Income from trust operations	5,388	34.30%	Higher trust fees during the comparative period from increase in assets under management
Trading and securities gain (loss) - net	385,078	1650.22%	Higher net realized and unrealized gains
Gain (loss) on assets exchange - net	(24,983)	-190.23%	Losses from ROPA foreclosures
Miscellaneous	23,606	20.67%	Higher other loans fees and interest & penalties from leasing
Compensation and fringe benefits	(61,733)	-5.93%	Lower costs from lower headcount
Taxes and licenses	81,186	14.95%	Higher from increase in GRT from higher income, higher local business tax, partially offset by lower DST costs
Provision for credit and impairment losses - net	167,699	79.89%	Higher provision requirement in 2019
Depreciation and amortization	59,064	15.27%	Higher depreciation mainly from the impact of depreciation of right of use asset in compliance with PFRS 16
Occupancy and other equipment-related costs	(113,701)	-46.61%	Lower rent expense mainly from the impact of recognition of depreciation of right of use asset instead of rent expense in compliance with PFRS 16
Management and professional fees	(6,446)	-5.70%	Lower consultancy fees
Communications	(4,986)	-9.29%	Lower leased line charges
Miscellaneous	94,332	27.90%	Increase is mainly due to higher brokerage fees, litigation costs, information tech expenses, business promo costs, etc.
Share in net income of an associate	282	112.80%	Share of net income from PFC
Provision for income	(23,890)	-10.56%	Recognition of deferred tax assets on allowance on impairment and remeasurement on retirement liability
Net income (loss) from discontinued operation	(253,371)	-1014.99%	Loss from sale pf PBCRB

Statement of Income and Expenses: Jan-Dec 2018 vs Jan-Dec 2017 (consolidated)

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Loans and receivables	₱812,346	25.26%	Higher corporate and consumer loan volume and improvement in yields
Interbank loans receivable and securities purchased under resale agreements	2,386	6.13%	Higher income due to increase in ave. volume and yields
Deposits with other banks	(4,481)	-28.31%	Lower investment volume in other banks
INTEREST AND FINANCE CHARGES			
Deposit liabilities	384,343	46.05%	Higher cost of funds and increase in volume
Bills payable, borrowings and others	247,239	109.80%	Higher cost of funds and increase in volume
NET INTEREST INCOME			
Rent income	97,758	17.36%	Higher due to contract renewals and new contracts at higher rates
Service charges, fees and commissions	20,240	5.58%	Higher TFR fees
Foreign exchange gain - net	(19,834)	-28.42%	Lower FX revaluation (unrealized) gain
Trading and securities gain (loss) - net	36,579	-276.21%	Higher net realized and unrealized gains
Profit (loss) from assets sold	(17,766)	-58.19%	Lower gain on sale from ROPA
Gain (loss) on assets exchange - net	17,706	327.52%	Higher gains from ROPA foreclosures
OPERATING EXPENSES			
Taxes and licenses	118,095	25.82%	Higher DST costs from TRAIN implementation and higher GRT accrued and paid
Provision for credit and impairment losses - net	(70,859)	-20.93%	Lower provision requirement in 2018
Occupancy and other equipment-related costs	36,166	16.12%	Higher PBCOM Tower repairs and maintenance costs, higher armored car rental due to increase in volume of cash pick-ups for clients, higher office rent from new branches and contract renewals with increased rates, higher storage costs of ROPA
Insurance	17,754	13.55%	Higher PDIC insurance from higher deposits
Management and professional fees	7,935	7.34%	Higher consultancy fees
Security, clerical, messengerial and janitorial services	16,391	17.44%	Higher security costs due to increase in agency fees & wage order increases

Interest income on non-discounted loans is recognized based on the accrual method of accounting while unearned discounts are amortized to income over the terms of the loans. As such, there are no seasonal aspects that materially impact on the Bank's interest revenues.

(3) Other material events and/or uncertainties:

- The Bank does not anticipate any cash flow or liquidity problems in the next 12 months after year-end 2019.
- The Bank does not foresee any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are no material commitments for capital expenditures.
- There are no uncertainties regarding the sustainability of economic growth of the country which may pose challenges in the Bank's drive to expand its loan portfolio. Any negative impact of a slower economic growth, however, may be overcome or mitigated at the very least by aggressive spread management initiatives.

- There are no significant elements of the Bank’s income in 2019 that did not arise from continuing operations.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.

Item 7. Financial Statements

Attached hereto are the audited financial statements for the year ended December 31, 2019.

The accounting firm of Sycip, Gorres, Velayo and Co. (“SGV”), with address at SGV Building, 6760 Ayala Avenue, Makati City, has been the Bank’s independent public accountants for the past years. The same accounting firm will likely be recommended for re-election at the scheduled annual meeting this year. Ms. Ray Francis C. Balagtas was assigned partner starting in 2014 in compliance with SRC 68(3)(b)(ix).

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

There is no disagreement with the Bank’s accountants on matters of accounting and financial disclosure. The aggregate external audit fees billed for each of the last two (2) fiscal years for the audit of the registrant’s annual financial statements or services that are normally provided by the external auditors are as follows:

Fiscal Year	Audit Fees	All other fees
2019	₱3,787	
2018	6,627	66

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

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

At present, the Audit Committee is composed of: Emmanuel Y. Mendoza as Chairman with Levi B. Labra and Gilda E. Pico as Members.

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

There were no changes and disagreement with accountants on matters of accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) Directors and Executive Officers

NAME	OFFICE	AGE	CITIZENSHIP	YEAR OF ASSUMPTION OF OFFICE
Eric O. Recto	Chairman of the Board/Director	56	Filipino	2011
Leonardo B. Dayao	Vice Chairman / Director	76	Filipino	2014
Lucio L. Co	Director/Chairman of the Executive Committee	65	Filipino	2014
Patricia May T. Siy	President & CEO / Director	59	Filipino	2015
Carmen G. Huang*	Executive Director	68	Filipino	2015
Bunsit Carlos G. Chung	Director	69	Filipino	1997
Susan P. Co	Director	62	Filipino	2014
Levi B. Labra	Independent Director/Director	61	Filipino	2014/2017
Ralph C. Nubla, Jr.	Director	68	Filipino	1982
Gregorio T. Yu	Director	61	Filipino	2011
Jack Eckian T. Huang	Director	65	Filipino	2019
Conrad A. Gloria, Jr.	Independent Director	60	Filipino	2019
Bienvenido E. Laguesma	Independent Director	69	Filipino	2019
David L. Balangue**	Independent Director	67	Filipino	2014
Jesus S. Jalandoni, Jr.	Independent Director	61	Filipino	2013
Emmanuel Y. Mendoza	Independent Director	54	Filipino	2014
Gilda E. Pico	Independent Director	72	Filipino	2017
John Howard D. Medina	Executive Vice President-COO	48	Filipino	2017
Alan E. Atienza	Senior Vice President- Treasurer	48	Filipino	2016
Arlene M. Datu	Senior Vice President – Controller	60	Filipino	2013
Josephine G. Cervero	Senior Vice President –Chief Trust Officer	60	Filipino	2018
Expedito G. Garcia	Senior Vice President – Transaction Banking	52	Filipino	2015
Jane Lim-Laragan	Senior Vice President – General Services Group	52	Filipino	2016
Jorge Alfonso C. Melo	Senior Vice President – General Counsel	46	Filipino	2016
Ricardo R. Mendoza	Senior Vice President – Consumer Finance Group	48	Filipino	2012
Daniel M. Yu	Senior Vice President – Operations Group	65	Filipino	2015

* passed away last 13 October 2019

** resigned last 27 February 2019

BOARD OF DIRECTORS

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

Mr. Recto, Filipino, 56years 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 Bedfordbury Development Corporation; Vice Chairman and Director of Atok-Big Wedge Co., Inc.; Vice Chairman of Alphaland Corporation; Director of DITO CME Holdings Corp. (formerly ISM Communications 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. .

LEONARDO B. DAYAO, *Vice Chairman and Director*

Mr. Dayao, Filipino, 76 years old, was elected Director on September 29, 2014 and 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.

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

Mr. Co, Filipino, 65 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, Cleangreen Energy Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corp., LCKK & Sons Realty Corporation, 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 and VS Gripal Power Corporation. He is a member of the Board of Trustees of Adamson University and Luis Co Chi Kiat Foundation, Inc. Mr. Co has been an entrepreneur for the past 40 years.

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

Ms. Siy, Filipino, 59 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.

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.

** passed away last 13 October 2019*

BUNSIT CARLOS G. CHUNG, *Director*

Mr. Chung, Filipino, 69 years old, was elected Director on June 17, 1997. He is Chairman & President of Supima Holdings, Inc., and Director of La Suerte Cigar & Cigarette Factory, Century Container Corporation, Bicutan Container Corporation, Tosen Foods Corporation, PBCOM Finance Corporation, State Investment, 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.

SUSAN P. CO, *Director*

Mrs. Co, Filipino, 62 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.

LEVI B. LABRA, *Director*

Mr. Labra, Filipino, 61 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.

RALPH C. NUBLA, JR., *Director*

Mr. Nubla, Filipino, 68 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.

GREGORIO T. YU, Director

Mr. Yu, Filipino, 61 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 the 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.

JACK EKIAN T. HUANG, Director

Mr. Huang, Filipino, 65 years old, was elected Director on June 4, 2019. He currently holds the positions of Director of Puregold Price Club Inc., Director and President of First Abacus Financial Holdings Corporation, Vice President of Abacus Capital and Investment Corporation, Director and Vice President of Abacus Securities Corporation and Director and Treasurer of Richmedia Network Inc. Mr. Huang is also a member of the Board of Trustees of Sacred Heart School (Ateneo de Cebu), In the past, he was Assistant Vice President of the Bank of the Philippine Islands, Branch Manager of Ayala Investment & Development Corporation and Director and General Manager of Cebu Business Continuous Forms. Mr. Huang obtained his Bachelor of Arts in Economics at the Ateneo de Manila University.

CONRADO A. GLORIA, JR., Independent Director

Mr. Gloria, Filipino, 60 years old, was elected Independent Director on June 4, 2019. He currently holds the positions of President & CEO of GIV Capital Holdings Corporation, Director and COO of Alterpower Digos Solar, Inc., Chief Operating Officer of Alterpower Specialist, Inc. and Corporate Secretary of Miguel and Maria Group of Restaurants, Inc. In the past, he served as President & COO of Investment & Capital Corporation of the Philippines, Executive Vice President and Managing Director of SB Capital Investment Corporation, President of SB Equities, Inc., Senior Vice President of Southeast Asia Cement Holdings Inc. and Senior Finance Officer of International Finance Corporation. Mr. Gloria obtained his Bachelor of Arts in Economics at the University of the Philippines and his Masters in Business Administration at the Asian Institute of Management.

BIENVENIDO E. LAGUESMA, Independent Director

Atty. Laguesma, 69 years old, was elected Independent Director on October 30, 2019. He is currently a Partner at Laguesma Magsalin & Consulta Law Offices and an Independent Director of Cosco Capital, Inc. Atty. Laguesma also sits as Director in the following companies: 1) Maritime Academy of Asia and the Pacific; 2) Cavite United Rural Bank Corporation; 3) Asia United Fleet Management Services, Inc.; 4) Asia United Leasing and Finance Corporation; and 5) Rural Bank of Angeles, Inc. In the past, Atty. Laguesma was a Director of First Metro Investment Corporation, Chairman of Charter Ping An Insurance Corporation, Director of DARE Philippines, Inc., and Member of the Board of Regents of the Pamantasan ng Lungsod ng Maynila (PLM). He also served the government in various capacities such as: 1) Commissioner and Ex-Officio Commissioner of the Social Security System; 2) Director of Land Bank of the Philippines; 3) Director of HMDF (Pag-ibig Fund); 4) Director of Aurora Pacific Economic Zone Authority; 5) Secretary and Undersecretary of the Department of Labor and Employment; 6) Presidential Assistant of the Office of the President of the Republic of the Philippines; 7) Administrator of the National Conciliation and Mediation Board; 8) Regional Director and Assistant Regional Director of the Department of Labor and Employment; 9) Executive Labor Arbiter and Labor Arbiter of the National Labor Relations

Commission; and 10) Med-Arbitrator of the Department of Labor and Employment. Atty. Laguesma obtained his AB Political Science degree at the Lyceum of the Philippines and his Bachelor of Laws at the Ateneo College of Law. He also attended a course in Public Service Administration at the Royal Institute of Public Administration in London, U.K. and Career Executive Service Development Program at the Development Academy of the Philippines.

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.

* resigned last 27 February 2019

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

Mr. Jalandoni, Filipino, 62 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.

EMMANUEL Y. MENDOZA, *Independent Director*

Mr. Mendoza, Filipino, 55 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.

GILDA E. PICO, *Independent Director*

Ms. Pico, Filipino, 73 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 Marinor Development Corporation as Director/Treasurer, Gilart Holdings Corporation as President and PayMaya Philippines as Independent Director. In the past, Ms. Pico was President and CEO of Land Bank of the Philippines from November 2006 to July 2016. She was Land Bank's Acting President from July 2005 to November 2006 and Trustee of Land Bank Countryside Development Fund from 2005 to 2015. She also served as 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 Public Accountant.

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

Prior to his appointment as the Bank's Corporate Secretary, Mr. Lao, Filipino, 36 years old, initially served as Assistant Corporate Secretary and Corporate Information Officer. 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.

EXECUTIVE OFFICERS

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

Mr. Medina, Filipino, 50 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, Diliman and Master of Business Administration degree from the Shidler College of Business at the University of Hawai'i at Manoa. He was also awarded Graduate Certificates in Leadership from The East-West Center, International Management from the Pacific Asian Management Institute, and European Management from the European Summer School for Advanced Management held in Marseilles, France.

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

Mr. Atienza, Filipino, 49 years old, joined PBCOM in 2015 and has over 25 years of banking experience in Trading and Treasury Operations. He has been a recipient of numerous industry awards for Fixed Income Trading and has been a board member of Money Market Association of the Philippines (MART). Mr. Atienza obtained his Bachelor of Arts in Economics and holds a Master of Business Administration degree from San Sebastian College.

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

Ms. Datu, Filipino, 62 years old, joined PBCOM in 2013 and has over 38 years of banking experience gained from Local and Foreign Banks as well as a Credit Card Company. She has extensive exposure on Financial Accounting, Management Profitability Reporting and Analysis, Regulatory Compliance, Operations, Risk and Audit. Ms. Datu obtained her Bachelor of Science major in Accounting from Polytechnic University of the Philippines.

JOSEPHINE G. CERVERO, *Senior Vice President – Chief Trust Officer*

Ms. Cervero, Filipino, 60 years old, joined PBCOM in 2018 and has 13 years of experience in Product Management and Research, and over 25 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 Asia Pacific Fiduciary Studies, Registered Financial Planner and 1-year course in Trust Operations. She served as a member of the Board of Directions for the Trust Officers Association of the Philippines (TOAP) for several years. Currently, she is serving as a Director of Board for the Trust Institute Foundation of the Philippines (TIFP). Ms. Cervero obtained her Bachelor of Arts and Sciences major in Biology from the University of the Philippines, Diliman and holds a Master of Business Administration with minor in Finance from De La Salle University.

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

Mr. Garcia, Filipino, 52 years old, joined PBCOM in 2015 with over 29 years of extensive Management and Banking experience, with the last 18 years spent in a senior supervisory role. He has strong background in

Corporate Cash Management and Managing and Developing Electronic Banking Channels with exposure to both corporate and retail markets. Mr. Garcia, obtained both his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering and Master's Degree in Business Administration from De La Salle University. He also holds a Certificate in International Cash Management from the Association of Corporate Treasurers, United Kingdom.

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

Atty. Laragan, Filipino, 52 years old, joined PBCOM in 2016 and has 20 years of experience in various Department: Legal, Human Resources, General Services, Compliance and Risk. Atty. Laragan obtained her Bachelors Degree in Commerce Major in Economics, and Bachelors Degree in Law from the University of Santo Tomas.

JORGE ALFONSO C. MELO, *Senior Vice President – General Counsel*

Atty. Melo, Filipino, 46 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, *Senior Vice President – Consumer Finance Group*

Mr. Mendoza, Filipino, 48 years old, joined PBCOM in 2012 with over 25 years working experience in 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, *Senior Vice President – Operations Group*

Mr. Yu, Filipino, 65 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.

The directors of the bank are elected at the annual stockholder's meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Directorship in Other Reporting Companies

- Mr. Eric O. Recto is also a Director of DITO CME Holdings Corp. (formerly ISM Communications Corporation), Atok-Big Wedge Co. Inc., Aboitiz Power Corporation and PH Resorts Group Holdings, Inc.
- Mr. Leonardo B. Dayao is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.
- Mr. Lucio L. Co is also a Director of Puregold Price Club, Inc., Cosco Capital, Inc., and Da Vinci Capital Holdings, Inc.
- Ms. Susan P. Co is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.
- Mr. Levi B. Labra is also a Director of Cosco Capital, Inc.
- Mr. Gregorio T. Yu is also a Director of IRemit, Inc., ISM Communications Corporation, PAL Holdings and Vantage Equities, Inc.
- Mr. David Balangue is also a Director of Roxas Holdings, Inc. and Holcim Philippines, Inc.
- Mr. Jesus S. Jalandoni, Jr. is also a Director of Liberty Flour Mills, Inc.
- Mr. Jack Ekian T. Huang of Puregold Price Club, Inc. and First Abacus Financial Holdings Corporation.
- Mr. Bienvenido E. Laguesma is also an Independent Director of Cosco Capital, Inc.

Shares of Atok-Big Wedge Co., Inc. (AB), DITO CME Holdings Corp. (DITO) (formerly ISM Communications

Corporation), Aboitiz Power Corporation (AP), PH Resorts Group Holdings, Inc. (PHR), Puregold Price Club, Inc. (PGOLD), Cosco Capital, Inc. (COSCO), Da Vinci Capital Holdings, Inc. (DAVIN), IRemit, Inc. (I), and Vantage Equities, Inc. (V), PAL Holdings (PAL), Liberty Flour Mills (LFM), are all listed in the Philippine Stock Exchange, Inc.

(2) Significant Employees

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

(3) Family Relationships

Mr. Lucio L. Co and Ms. Susan P. Co are husband and wife. Other than the foregoing, the persons nominated or chosen by the Bank to become directors or executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Legal Proceedings

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

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

which may have a material effect in the operations and deter, bar or impede the fulfillment of his/ her duties as a director or executive officer of the Bank.

Item 10. Executive Compensation

Compensation of Directors and Executive Officers

Since the Bank obtained an exemption from the SEC to disclose the required detailed compensation information, disclosure of aggregate compensation paid or accrued during the last three fiscal years 2017 to 2019 of the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows:

	2019	2018	2017
CEO and four most highly compensated Executive officers	Patricia May T. Siy President & CEO	Patricia May T. Siy President & CEO	Patricia May T. Siy President & CEO
	John Howard D. Medina Executive Vice President	John Howard D. Medina Executive Vice President	Eriberto Luis S. Elizaga Executive Vice President
	Alan E. Atienza Senior Vice President	Delbert S. Ang It Senior Vice President	Manuel Andres D. Goseco Executive Vice President
	Arlene M. Datu	Alan E. Atienza	Jenny F. Lansang

	Senior Vice President	Senior Vice President	Senior Vice President
	Expedito G. Garcia, Jr. Senior Vice President	Expedito G. Garcia, Jr. Senior Vice President	Alan E. Atienza Senior Vice President
Salary	₱48,960	₱46,050	₱50,220
Bonus	16,320	15,350	18,715
Other Annual Compensation			
TOTAL	₱ 65,280	₱61,400	₱68,935

All officers and directors as Group Unnamed			
Salary	₱ 620,420	₱551,901	₱593,389
Bonus	188,364	180,367	194,196
Other Annual Compensation	-	-	-
TOTAL	₱ 808,784	₱732,268	₱787,585

The following is the estimated annual compensation for year 2020:

	Salary	Bonus	Other Annual Compensation	Total
Total of CEO and Four most highly compensated Executive Officers	₱49,860	₱16,620	none	₱66,480
All officers as a group unnamed	641,653	198,422	none	840,075

The director's per diem and other fees amounted to ₱9.75 Million, ₱9.7 Million and ₱15.5Million, as of December 31, 2019, 2018 and 2017, respectively.

The five (5) Independent and two (2) other regular 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, 2019.

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

A. Security Ownership of Certain Record and Beneficial Owners of more than 5 percent of the Bank's capital stock:

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Ownership and relationship with Record Owner	Citizenship	No. of Shares	% Held
Common	P.G. Holdings, Inc. 900 Romualdez St., Paco, Manila	Various stockholders	Filipino	186,241,408	38.75%

Stockholder					
Common	VFC Land Resources, Inc. 1379 San Gregorio St., Paco, Manila Stockholder	Various stockholders	Filipino	71,619,038	14.90%
Common	Eric O. Recto 5/F PBCOM Tower 6795 Ayala Ave. cor. V.A. Rufino St., Makati City Stockholder	Eric O. Recto – same as record owner	Filipino	50,135,776	10.43%
Common	PCD Nominee Corporation 37 th Floor, Tower 1, The Enterprise Center, Ayala Avenue cor. Paseo de Roxas, Makati City Stockholder	Various stockholders	Filipino Non-Filipino	46,159,724 <u>1,924,339</u> <u>48,084,063</u>	10.00% 0.00%
Common	Ralph C. Nubla, Jr. 5/F PBCOM Tower 6795 Ayala Ave. cor. V.A. Rufino St., Makati City Stockholder	Ralph C. Nubla, Jr. – same as record owner	Filipino	46,519,036	9.68%
Common	Telengtan Brothers & Sons, Inc. Km. 14, South Superhighway, Paranaque City Stockholder	Various stockholders	Filipino	31,859,844	6.63%

B. Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent	
Common	Eric O. Recto	Direct	50,459,424	Filipino	10.50%
Common	Leonardo B. Dayao	Direct	10,001	Filipino	0.00%
Common	Patricia May T. Siy	Direct	100	Filipino	0.00%
Common	Bunsit Carlos G. Chung	Direct	550,716	Filipino	0.11%
		Indirect	449,294		
Common	Lucio L. Co	Direct	1	Filipino	0.00%
		Indirect	93,120,704		
Common	Susan P. Co	Direct	1	Filipino	0.00%
		Indirect	93,027,584		
Common	Levi B. Labra	Direct	100	Filipino	0.00%
Common	Ralph C. Nubla, Jr.	Direct	51,779,374	Filipino	10.77%
Common	Gregorio T. Yu	Direct	1,432,692	Filipino	0.30%
Common	Jack E. Huang	Direct	100	Filipino	0.00%
Common	Jesus S. Jalandoni, Jr.	Direct	10	Filipino	0.00%
Common	Conrado A. Gloria, Jr.	Direct	100	Filipino	0.00%
Common	Emmanuel Y. Mendoza	Direct	100	Filipino	0.00%
Common	Gilda E. Pico	Direct	100	Filipino	0.00%
Common	Bienvenido E. Laguesma	Direct	100	Filipino	0.00%

C. Voting Trust Holders of 5% or more

There are no voting trust agreements or any other agreements/arrangements that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

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

same terms with that of other parties.

The Bank's related party transactions below are also presented and discussed in details in the Audited Financial Statements.

Related Party	Transaction with the Bank
Post-retirement Plan	Investment made in retirement plan is approved by the Bank's Retirement Board. Trust fee income from such service and total deposits maintained with the Bank in 2019 amounted ₱2.36 Million and ₱0.94 Million, respectively while interest expenses paid by the Bank to the deposits was ₱0.58 Million.
Provident Fund	Outstanding deposit and interest paid by the Bank as of year-end was ₱5.21 Million and ₱0.58 Million, respectively while trust fees earned from such service amounted to ₱2.27 Million.
Key Management Personnel	Senior Management Team constitutes key management personnel for purposes of PAS 24. Short term benefits and post-employment benefits given to SMT in 2019 amounted to ₱127.74 Million and ₱4.45 Million, respectively. Year-end balance of deposits and interest expenses paid by the Bank amounted to ₱16.54 Million and ₱0.453 Million respectively.
Affiliate	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱14.56 Million and ₱0.44 Million, respectively. Rental income earned for the year is ₱0.15 Million.
Subsidiaries	Year-end balance of deposits incurred by the Bank amounted ₱14.55 Million. Rental income earned for the year is ₱0.03 Million.
Significant Investors	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱8.39 Billion and ₱88.35 Million, respectively. Rental income and expenses during the year amounted to ₱3.94 Million and ₱30.77 Million.

As required by BSP, the Bank discloses loans transactions with certain directors, officers, shareholders and their related interests ("DOSRI") in the ordinary course of business, under commercial terms and on an arm's length basis observing at all times the legal limits prescribed under current BSP regulations on DOSRI loans. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the lower of the Bank's total unimpaired capital or 15% of the total loan portfolio. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations. As of December 31, 2019 the Bank is in compliance with such regulations.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

PBCOM Board of Directors and Management, employees and shareholders, believe that Corporate Governance is a necessary component of what constitutes sound strategic business management. Thus, the Bank has undertaken every effort necessary to create awareness for this within the organization. All Directors and Senior Management are required to attend its annual continuing education program on Corporate Governance and Risk Awareness. The Board, Senior Management and all employees conduct themselves with utmost honesty and integrity in the discharge of their duties, functions and responsibilities, thus nurturing the continuing success of the Bank and securing its competitiveness in the best interest of the Bank, its shareholders and other stakeholders. Bank Officers promote the good governance practices within the Bank by ensuring that policies on governance are consistently adopted across the organization, with measurable standards, initiatives and specific responsibilities and accountabilities for each personnel.

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

1. It is the Bank's objective to enhance shareholders' value by making the most efficient use of resources. Its human capital strategy is one of its vital focus areas, as it is a principal indicator for the company's success.
2. The Board of Directors constitutes Board Committee namely Governance, Audit, Risk Oversight and Related Party Transactions Committees which are all chaired by Independent Directors and composed of majority of Independent Directors, all of whom have a good understanding of the business.
3. The Governance Committee is responsible for ensuring the Board's effectiveness and due observance of Corporate Governance principles and guidelines. They assist the Board of Directors in fulfilling its corporate governance responsibilities.
4. The Governance Committee, through its Nominations Sub-Committee, ensures the quality of its leadership, consistent with its "fit and proper" rule when selecting its Directors and Senior Management Team, while the Performance Evaluation Sub-Committee, recommends and oversees the implementation of a Performance Management Process for Senior Management and the Members of the Board, review performance vis-a-vis agreed upon objectives, evaluate progress made with respect to Senior Management Directors Development plans, monitor changes in professional affiliations, personal status even health, which could have qualifications, resignation and succession implications.
5. Transparency in its Annual Reports is ensured and reflects true and fair accounting information prepared in accordance with applicable standards; disclose and discuss all material risks; and disclose and explain the rationale for all material estimates. Disclosures are all completed in a timely manner.
6. To ensure that all act in the best interest of the Bank, full disclosure by its Directors, Officers and Employees on any actual or expected conflict of interest is required
7. The Bank's Corporate Governance Manual, Code of Ethics and Code of Conduct clearly states Management's philosophy and compliance standards.

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

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

PART V - EXHIBITS AND SCHEDULES

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

1. Exhibits – None
2. Reports on SEC Form 17 – C

Date	Particulars		
October 30, 2019	The Bank disclosed the Statement of Condition as of September 30, 2019.		
October 30, 2019	The Bank disclosed the Reorganization of the Board Committee with Bienvenido E. Laguesma as Governance Committee Member and Jack Ekian T. Huang as Trust Committee Member.		
October 14, 2019	The Bank disclosed the Demise of Executive Director Carmen G. Huang.		
October 04, 2019	The Bank disclosed the Change in Corporate Contact Details.		
September 26, 2019	Resignation of Delbert Ang It & Appointment of Leonardo Dayao as Member of the Trust Committee.		
August 14, 2019	The Bank disclosed the Press Release: PBCOM Celebrates 80 Years with Double Digit Net Income Growth.		
August 8, 2019	The Bank disclosed the Statement of Condition as of June 30, 2019.		
July 30, 2019	The Bank disclosed the Acquisition/Disposition of Shares of Another Corporation (Sale of PBCRB to Producers Savings Bank).		
June 26, 2019	The Bank disclosed the Press Release: PBCOM to Focus on Core Strategy.		
June 20, 2019	The Bank disclosed the Clarification of News Report: PCC Oks East West acquisition of PBCOM Auto Loan Portfolio posted in Philstar.com on 20 June 2019.		
June 6, 2019	The Bank disclosed the Amendment to By-Laws (TBA).		
June 6, 2019	The Bank disclosed the Amended Results of Annual Stockholders and Organizational Board Meeting.		
June 4, 2019	<p>The Bank disclosed the Result of Annual Meeting of Stockholders and Organizational Board Meeting:</p> <p>Board of Directors for Year 2019-2020:</p> <p align="center">Eric O. Recto Leonardo B. Dayao Patricia May T. Siy Carmen G. Huang Bunsit Carlos G. Chung Lucio L. Co Susan P. Co Jack Ekian T. Huang Ralph C. Nubla, Jr. Gregorio T. Yu Levi P. Labra Conrado A. Gloria, Jr.- Independent Director Jesus S. Jalandoni, Jr. - Independent Director Gilda E. Pico- Independent Director Emmanuel Y. Mendoza- Independent Director</p> <p>Corporate Officers of the Bank for Year 2019-2020:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Chairman of the Board:</td> <td style="padding: 2px;">Eric O. Recto</td> </tr> </table>	Chairman of the Board:	Eric O. Recto
Chairman of the Board:	Eric O. Recto		

Vice Chairman:	Leonardo B. Dayao
President and CEO:	Patricia May T. Siy
Executive Director:	Carmen G. Huang
EVP & Chief Operating Officer:	John Howard D. Medina
SVP & OIC of Branch Banking Group	Delbert S. Ang It
SVP & Treasurer	Alan E. atienza
SVP & Trust and Wealth Management Group Head:	Josephine G. Cervero
SVP & Comptroller	Arlene M. Datu
SVP & Transaction Banking and Customer Contact Center Group Head	Expedito G. Garcia, Jr.
SVP & General Services Group Head:	Jane Lim-Laragan
SVP & General Counsel:	Jorge Alfonso C. Melo
SVP & OIC of Consumer Finance Group:	Ricardo R. Mendoza
SVP & Global Operations Group Head:	Daniel M. Yu
SAVP & chief Compliance Officer:	Angelita U. Egalin
Corporate Secretary and Corporate Information Officer:	Michael Stephen H. Lao
Assistant Corporate Secretary:	Alexandra L. Delos Santos

The Board of Directors likewise constituted the following committees and appointed the following members thereof:

Executive Committee:

- a) Lucio L. Co (Chairman)
- b) Eric O. Recto (Vice Chairman)
- c) Leonardo B. Dayao (Vice Chairman)
- d) Patricia May T. Siy
- e) Carmen G. Huang
- f) Bunsit Carlos G. Chung
- g) Ralph C. Nubla, Jr.

Risk Oversight Committee:

- a) Conrado A. Gloria, Jr. (Independent Director)
- b) Jesus S. Jalandoni, Jr. (Independent Director)
- c) Levi B. Labra
- d) Patricia May T. Siy

Governance Committee:

- a) Gilda E. Pico (Chairman/Independent Director)
- b) Conrado A. Gloria, Jr. (Independent Director)
- c) Eric O. Recto
- d) Leonardo B. Dayao
- e) Jack Ekian T. Huang

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

Audit Committee:

- a) Emmanuel Y. Mendoza (Chairman/Independent Director)
- b) Gilda E. Pico (Independent Director)
- c) Levi B. Labra

Trust Committee

- a) Eric O. Recto (Chairman)
- b) Patricia May T. Siy
- c) Jesus S. Jalandoni, Jr. (Independent Director)

Related Party Transactions Committee

- a) Jesus S. Jalandoni, Jr. (Chairman/ Independent Director)
- b) Conrado A. Gloria, Jr. (Independent Director)
- c) Gilda E. Pico (Independent Director)
- d) Levi B. Labra

May 29, 2019 The Bank disclosed the Promotion of Angelita U. Egalin as Chief Compliance Officer, SAVP.

May 8, 2019 The Bank disclosed the Statement of Condition as of March 31, 2019.

April 29, 2019 The Bank disclosed the 2019 List of Stockholders.

April 24, 2019 The Bank disclosed the Amendments to By-Laws.

April 15, 2019 The Bank disclosed the Press Release: Focused Strategy Delivers Double-Digit Earnings Growth.

March 27, 2019 The Bank disclosed the Notice of 2019 Annual Meeting.

Date and Time	4 June 2019 (Tuesday) at 10:00 A.M..
Venue	Manila Golf & Country Club Harvard Road, Forbes Park, Makati City
Record Date	26 April 2019

March 1, 2019 The Bank disclosed the Resignation of Jaime Valentin Araneta, EVP, Retail Business Head.

February 27, 2019 The Bank disclosed the Resignation of Director David L. Balangue- Independent Director.

February 15, 2019 The Bank disclosed the Statement of Condition as of December 31, 2018.

January 2, 2019 The Bank disclosed the Director's Attendance for the Year 2018.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on _____.

By:



PATRICIA MAY T. SIY
President and Chief Executive Officer
(Principal Executive Officer)



ARLENE M. DATU
SVP and Comptroller
(Comptroller & Principal Accounting Officer)



ALAN E. ATIENZA
EVP and Treasurer



MICHAEL STEPHEN H. LAO
Corporate Secretary

**PHILIPPINE BANK OF COMMUNICATIONS
BRANCHES' SITES - OWNED AND LEASED
AS OF DECEMBER 31, 2019**

No.	BRANCH	ADDRESS	CONDITI ON OF PREMISE S	OWNED / LEASED	LEASE TERMS		
					MONTHLY RENTAL (OFFICE + PARKING + OTHER CHARGES) AS OF DECEMBER 2019	EXPIRY DATE	RENEWAL OPTIONS
A. BANK-OWNED PROPERTIES UTILIZED AS BRANCHES							
1	BINONDO BANKING CENTER	7th Floor, PBCOM Bldg 214-216 Juan Luna St. Binondo Manila	good	owned	-		
		4th Floor, PBCOM Bldg 214-216 Juan Luna St. Binondo Manila	good	owned	-		
2	CAGAYAN DE ORO	PBCOM Bldg. Hayes St. cor. Tiano Bros. St. Cagayan De Oro City	good	owned	-		
3	CEBU	Magallanes near corner Manalili Streets, Cebu City	good	owned	-		
4	DAVAO	41 Monteverde St., Davao City	good	owned	-		
5	GENERAL SANTOS	Santiago Blvd., General Santos City	good	owned	-		
6	ILOILO	Ledesma corner Valeria Sts, Iloilo City	good	owned	-		
7	KORONADAL	Gen. Santos Drive, Koronadal, South Cotabato	good	owned	-		
8	MAKATI BANKING CENTER	PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino, Makati City	good	owned	-		
9	MANDAUE	National Highway corner Jayme Street, Mandaue City	good	owned	-		
10	MANGO	General Maxillom (Mango) Ave., Cebu City	good	owned	-		
11	MARIKINA	34 J.P. Rizal St., Calumpang, Marikina	good	owned	-		
12	MERALCO AVE (FORMER JULIA VARGAS)	C-1 Horizo Condominium, Meralco Avenue, Pasig City	good	owned	-		
13	QUIRINO-DAVAO	111 E. Quirino Avenue, Davao City	good	owned	-		
14	TAGUM	Pioneer Avenue, Tagum, Davao del Norte	good	owned	-		
15	U.N. AVENUE (FORMER MABINI)	U101 & 102, Don Alfonso Cond. 1108 MH del Pilar cor. UN Ave. & Guerreo Sts., Ermita, Manila	good	owned	-		
B. LEASED PROPERTIES UTILIZED AS BRANCHES							
16	ANGELES	Ground Floor, MLT Centre Building, Lot 28, Block 2, McArthur Highway, Brgy. Ninoy Aquino, Angeles City	good	leased	91,892.27	15-Aug-2020	
17	ANNAPOLIS	Unit 101 Victoria Plaza Condominium 41 Annapolis St., Greenhills, San Juan	good	leased	226,272.22	15-Apr-2024	
18	AYALA-ALABANG	ALPAP II Building, Investment Drive cor. Trade St., Madrigal Busines Park, Ayala Alabang, Muntinlupa City	good	leased	247,727.35	31-Jan-2021	
19	BANAWE	G/F 2 Benby Building, Banawe Street, Quezon City	good	leased	108,046.40	22-Nov-2024	
20	BACOLOD	Units A-E, Ground Floor, Sorrento	good	leased	140,554.27	29-Feb-2024	
21	BAGUIO	Ground Floor Level, Unit Nos. 105, 106 & 106-B, Baguio Holiday Villas, No. 10 Legarda Road, Baguio City	good	leased	222,994.08	30-Nov-2021	
22	BATANGAS	Diego Silang St., Batangas City	good	leased	120,750.00	31-Jan-2022	
23	BMA	Web-Jet Building, Quezon Ave., Q.C.	good	leased	94,753.80	30-Nov-2023	
24	CABANATUAN	Ground Floor, SAM Building along Maharlika Highway, Cabanatuan City	good	leased	60,000.00	31-Jan-2024	
25	CAINTA	LGF 04 & LGF 05, CK Square Bldg., Ortigas Ave. Extension cor. Sunset Drive, Cainta, Rizal	good	leased	104,442.79	19-Sep-2020	
26	CALAMBA	Ground Floor Walter Mart, National Highway corner Real Street, Calamba, Laguna	good	leased	91,481.53	31-Oct-2021	
27	CALOOCAN	298-C2 6th Avenue Ext. Caloocan City	good	leased	72,408.49	14-Sep-2022	
28	CAUAYAN	Mateo-Patricia Bldg., Rizal Avenue Extension, Cauayan, Isabela	good	leased	82,687.50	31-May-2020	
29	CEBU BUSINESS PARK	Unit 1, Ground Floor, Creativo 2 Bldg. Mindanao Avenue, Cebu Business Park, Cebu City Taguig	good	leased	236,686.80	20-Jan-2021	
30	CONGRESSIONAL	No. 8 Congressional Ave., Brgy. Bahay Toro, Quezon City	good	leased	100,941.90	30-Apr-2021	
31	CUBAO	2nd Floor SPARK Place, P. Tuazon cor. 10th Avenue, Quezon City	good	leased	189,009.30	31-Aug-2020	
32	DAGUPAN	Ground Floor, Balingit Building, Arellano Street, Dagupan City	good	leased	94,057.03	15-May-2014	
33	DASMARINAS	EVY Building Salawag-Paliparan Road Dasmariñas, Cavite	good	leased	101,516.80	31-Oct-2022	
34	DAVAO BAJADA	RAQ Bldg., J.P. Laurel Avenue, Bajada Street, Davao City	good	leased	160,756.14	30-Sep-2021	
35	DUMAGUETE	Unit No. 6 Yala Building, Calindagan, Dumaguete City	good	leased	53,253.70	29-Feb-2020	
36	ECHAGUE	ERC Building, Echague cor. Isla Del Romero, Quiapo, Manila	good	leased	99,125.22	31-Mar-2020	
37	ELCANO	SHC Tower, Elcano St., San Nicolas, Manila	good	leased	165,550.00	28-Feb-2021	

**PHILIPPINE BANK OF COMMUNICATIONS
BRANCHES' SITES - OWNED AND LEASED
AS OF DECEMBER 31, 2019**

No.	BRANCH	ADDRESS	CONDITI ON OF PREMISE S	OWNED / LEASED	LEASE TERMS		
					MONTHLY RENTAL (OFFICE + PARKING + OTHER CHARGES) AS OF DECEMBER 2019	EXPIRY DATE	RENEWAL OPTIONS
38	F1 HOTEL, BGC	F1 Hotel Building, Lane Q corner Lane A Roads, Bonifacio Global City,	good	leased	676,935.24	15-Feb-2022	
39	GREENHILLS	Quadstar Building, 80 Ortigas Avenue, San Juan, Metro Manila	good	leased	235,321.13	31-Mar-2021	
40	ILIGAN	Roxas Avenue, Poblacion, Iligan City, Lanao del Norte.	good	leased	94,315.79	18-Jul-2024	
41	IMUS	Luis Gaerlan St., and Imus Boulevard, Imus, Cavite	good	leased	95,721.12	30-Jun-2021	
42	J.P. RIZAL	Ground Floor, Santini Corp. Building, 519 J.P. Rizal Ave., Brgy. Olympia, Makati City	good	leased	164,377.67	30-Apr-2022	
43	LA UNION	Quezon Avenue, San Fernando City, La Union	good	leased	101,494.44	31-Jan-2021	
44	LEGASPI VILLAGE	Unit 1-A, Vernida I 120 Amorsolo St., Legaspi Vill., Makati City	good	leased	90,058.09	31-Jul-2020	
45	LEGAZPI CITY	Ground Floor De Los Santos , Commercial Building, Landco , Business Park, Legazpi City	good	leased	156,094.18	09-Aug-2024	
46	LIPA	ATDRMAM Building Ayala Highway Mataas na Kahoy, Lipa	good	leased	106,965.06	31-Jan-2024	
47	LUCENA	VCCI Building Merchan cor. San Fernando, Lucena City	good	leased	93,078.01	15-Nov-2023	
48	M. DE SANTOS, DIVISORIA	553-561 M. De Santos St., Divisoria, Tondo, Manila	good	leased	252,825.00	31-Mar-2025	
49	MAKATI PLACE	Ground Floor Unit C-15, Alphaland Makati Place, Ayala Ave. cor. Malugay St. Makati City.	good	leased	160,125.10	30-Nov-2022	
50	MALABON	Building L, #34 Gov. Pascual Avenue corner Ibarra Street, Brgy Acacia, Malabon City.	good	leased	87,872.00	24-Jun-2024	
51	MALOLOS	Malolos Shopping Arcade Paseo Del Congreso, Malolos City	good	leased	66,554.23	15-Aug-2021	
52	MASANGKAY	1004-1006 Masangkay St. Binondo, Manila	good	leased	154,560.00	30-Sep-2021	
53	MEYCAUAYAN	Mancon Building McArthur Highway, Calvario, Meycauyan City	good	leased	86,257.26	15-Apr-2021	
54	NAGA	Ground Floor, Rodriguez Building, 956 Panganiban St., corner Balintawak St., Naga City	good	leased	85,083.60	28-Feb-2023	
55	OLONGAPO	Grd. Flr. YBC Centre Mall, Rizal , Avenue Extension, Olongapo City	good	leased	139,305.21	30-Sep-2022	
56	ONGPIN	Chinatown Center, 729 Ongpin Street, Sta. Cruz, Manila	good	leased	315,723.71	30-Sep-2022	
57	PADRE RADA	951 Juan Luna Street, Tondo, Manila	good	leased	135,420.18	14-Jul-2022	
58	PARANAQUE	Unit 3-4, Kingsland Building Dr. A. Santos Avenue, P'que. City	good	leased	145,653.63	31-May-2022	
59	PASAY	2492 Taft Avenue, Pasay City	good	leased	123,480.00	31-Oct-2020	
60	PIONEER	RFM Corporate Center Pioneer cor. Sheridan Sts., Mandaluyong City	good	leased	226,193.40	13-May-2021	
61	PUREGOLD SAN PEDRO	Puregold San Pedro, Old National Highway cor. Magsaysay St., San Pedro, Laguna	good	leased	53,750.18	14-Nov-2021	
62	QUEZON AVE	APC Building, 1186 Quezon Avenue, Quezon City	good	leased	231,525.00	30-Sep-2021	
63	SAN FERNANDO	McArthur Highway Dolores, San Fernando, Pampanga	good	leased	139,886.45	31-Mar-2024	
64	SAN MIGUEL AVE.	Unit G1010MM-CITRA Condominium, San Miguel Avenue, Ortigas Center, Pasig City	good	leased	172,187.02	31-Jul-2020	
65	SAN PABLO	Rizal Avenue, San Pablo City, Laguna	good	leased	52,947.52	30-Apr-2021	
66	SEN. GIL PUYAT	Unit 101-C, Oppen Building, 349 Sen. Gil Puyat Avenue, Makati City	good	leased	209,090.01	14-Jul-2020	
67	SHAW BLVD	146 Shaw Boulevard cor. San Roque St., Pasig City	good	leased	83,641.71	15-Nov-2022	
68	SOLER	No. 943 Soler St., of R & S Tower, Inc., Binondo, Manila	good	leased	129,670.09	31-May-2021	
69	SOUTH GATE MALL	Unit T06 and T07, Third Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City, Metro Manila	good	leased	224,475.52	18-Dec-2022	
70	STA. MESA	G. Araneta Avenue, Sta. Mesa, Q.C.	good	leased	164,490.61	31-Jul-2021	
71	STA. ROSA	Unit No. 2, Paseo 5, Phase 2, Paseo de Sta. Rosa	good	leased	194,793.20	31-Mar-2020	
72	STO. CRISTO	563 Sto. Cristo Street, Divisoria, Manila	good	leased	99,225.00	16-Sep-2020	
73	T. ALONZO	T. Alonzo Street, Sta. Cruz, Manila	good	leased	287,490.00	10-Sep-2021	
74	TAGBILARAN	Ground Floor, LTS Building, Carlos, P. Garcia Avenue, Tagbilaran City	good	leased	67,200.00	30-Jul-2020	
75	TIMOG	75 Timog Avenue, Quezon City	good	leased	151,774.04	15-Jul-2024	
76	VALENZUELA	246 McArthur Highway, Karuhatan, Valenzuela	good	leased	178,500.00	18-May-2021	

**PHILIPPINE BANK OF COMMUNICATIONS
BRANCHES' SITES - OWNED AND LEASED
AS OF DECEMBER 31, 2019**

No.	BRANCH	ADDRESS	CONDITI ON OF PREMISE S	OWNED / LEASED	LEASE TERMS		
					MONTHLY RENTAL (OFFICE + PARKING + OTHER CHARGES) AS OF DECEMBER 2019	EXPIRY DATE	RENEWAL OPTIONS
77	ZAMBOANGA VALDEROSA	LKG Building, Valderosa Street, Zamboanga City	good	leased	129,903.90	30-Apr-2021	
78	ZAMBOANGA VETERANS	BSC Tower (formerly Zamsulu Bldg.) Ground Floor, Door 5-7, Veterans Ave., Zamboanga City	good	leased	106,964.55	30-Sep-2024	
79	LAPU-LAPU	Grd. Flr. Unit 11, Alpha Arcade Bldg., M.L. Quezon National Highway, Pajo, Lapu-Lapu City	good	leased	28,244.55	31-Jul-2020	
80	DIVISORIA MALL	Stalls No. 3N-01, 03 and 05 located at Third Floor (3rd) Old Divisoria Market, bounded by Tabora, Comercio, M. De Santos and Sto. Cristo, Manila	good	leased	124,451.88	02-Jul-2021	
81	INOZA TOWER	Ground Floor Unit D, 40th St., Bonifacio Global City, Taguig City	good	leased	330,573.60	07-Oct-2022	
82	WILSON	Ground Floor Unit of ONE86 at Wilson, San Juan, Metro Manila	good	leased	74,970.00	14-Oct-2022	
83	S & R COMMONWEALTH	Ground Floor Unit 4 of S & R Membership Shopping – Commonwealth, Brgy. Kaligayahan, Quirino Highway, Novaliches, Quezon City	good	leased	130,921.00	15-Dec-2022	
84	S & R DAU	Ground Floor Unit 2 of S&R Membership Shopping Dau, NLEX Access Road, Barangay Dau, Mabalacat City, Pampanga	good	leased	93,840.00	15-Mar-2023	
85	LIBIS	of Ground Floor Commercial Spaces at Nuvo City - Aspire Tower, 150 E. Rodriguez Jr. Avenue cor. Calle Industria, Bagumbayan, Quezon City	good	leased	73,271.03	14-May-2020	
86	ORMOC	Unit 105, Ground Floor of L & R Building, Bonifacio Street, District 8, Ormoc City, Leyte	good	leased	16,421.05	12-Mar-2021	
BRANCHES OPENED IN 2019							
87	BALIUG	NE Super Bodega, Dona Remedios Trinidad Highway, Baliug, Bulacan	good	leased	40,610.00	22-Sep-2024	
LONG TERM BRANCH LEASE							
88	CORINTHIAN GARDENS	Sanso Street, Corinthian Gardens, Q.C.			Leasehold Rights of P12 Million	30-Sep-2021	
89	TUTUBAN	Prime Block Building, Tutuban Center, C.M. Recto Avenue, Manila			Leasehold Rights of P9.92 Million	22-Aug-2039	
LIST OF BRANCHES LITES/ POP-UPS							
1	BL- PG TAGUIG	G/F Puregold Taguig, Gen. A. Luna St. cor. Col. P. Cruz., Barangay Tuktukan, Taguig City	good	leased	39,600.00	05-Sep-2021	
2	BL- PG VALENZUELA	G/F Puregold Valenzuela, 419 Manila North Road (Mc Arthur Highway) Dalandanan, Valenzuela City	good	leased	22,400.00	05-Sep-2021	
3	BL- PG PASO DE BLAS	2/F VFC Mall, Puregold Paso de Blas, Paso de Blas cor. Gen. Luis St., Malinta Exit, Valenzuela City	good	leased	33,000.00	19-Jun-2022	