

Looking Beyond 80

2019 marks the 80th Anniversary of the Philippine Bank of Communications, a testament affirming that the Bank thrives amidst the changing Philippine banking landscape. With hearts full of PRIDE, we celebrate more than eight decades of growth with all of our stakeholders.

With a great foundation of rich history and great legacy, we look ahead and prepare for an even bigger and better PBCOM, ready to face the challenges in front of us.

We continue to focus on the core of our service and operations – our clients. The desire to understand and respond to their needs is the definitive force that drives PBCOM forward. We look beyond 80 years with an improved commitment to serve with PRIDE and deliver our promise to all our stakeholders, together, we grow.



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Our Vision Mission and Values

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

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

OUR CORPORATE VALUES. THE PBCOM PRIDE.

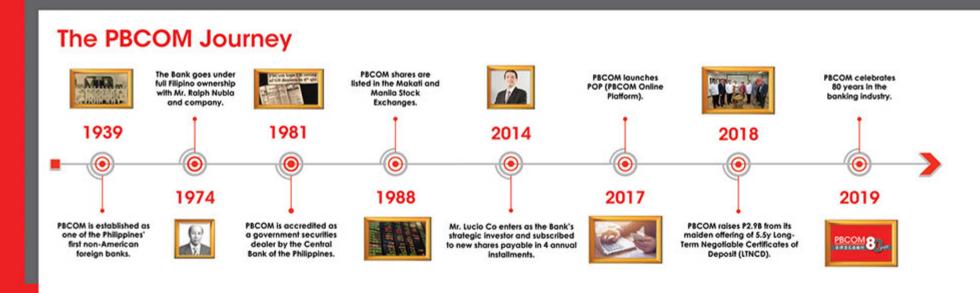
With a burning Passion, filling our hearts and driving us forward.

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

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

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

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



Our focus as we face 2020 is how to leverage on our new strengths and use them as differentiators to serve our clients & communities during these critical times.

Mr. Eric O. Recto Chairman of the Board

To my fellow Shareholders,

2019 was an important year for the Philippine Bank of Communications as we celebrated our 80th year in the banking industry.

For eighty years PBCOM's financial strength and deep expertise have enabled us to support our clients through many global crises, and today this is no different. As we prepared this year's annual report to shareholders, the world began to confront one of the greatest health threats of recent memory.

As you will see in this report, the operating results of the past year were very good and helped prepare the bank for this new challenge. The bank is doing well, and we are committed to building on this position of strength.

The entry of Mr. Lucio Co as a strategic partner has not only put our bank in a better capital position, but has opened up unique opportunities for further growth. We continue to work with Mr. Co's group of companies like Puregold and S&R, which have given us an advantage in the SME and retail spaces via their network of vendors, suppliers, partners and customers.

We now have a diverse mix of profitable businesses. We have a strong culture, an efficient operating platform and a loyal customer base. We have actively invested in digital capabilities and data analytics to enhance our ability to serve. A rapidly growing number of our banking transactions now happen digitally – often on devices that did not even exist several years ago.

Retail banking in the Philippines is changing, with a greater focus on digital capabilities and modified footprints. Physical interaction and geography are no longer barriers to creating or building banking relationships. This has become even more evident during today's health crisis where customer expectations and behaviors are shifting.

Our focus as we face 2020 is how to leverage on our new strengths and use them as differentiators to serve our clients and communities during these critical times.

Eric O. Recto Chairman



Dear Stakeholders,

We welcomed 2019 with a renewed fervor, enthusiasm and commitment as it was an important milestone for PBCOM. The Bank celebrated its 80th founding year. And what a better way to celebrate this momentous year by providing a new way of banking that will herald the coming of a new era for PBCOM.

At 80, we had a lot of experiences, but we are ready to learn new things and be in tune with the times.

At 80, we had been tested and tried and scarred, but we remain standing tall and ready to take on any challenges that come our way.

At 80, we had seen other banks surpass us in size, but we are alongside them where it counts - innovation, service, partnership.

At 80, we had accumulated a strong base of customers that remain to be loyal and supportive, more so with the confidence in our existing set of shareholders.

At 80, we remain nimble and agile, ready to look at new processes and systems as a way of enhancing our product offering, service delivery and competitive abilities.

So the words "has been", "oldie", "passe", are not for PBCOM.

While we toast to a great 80 years, we are quite excited for how the next 80 years or more will unfold. We need not look too far to understand what we are made up of, and how we can adopt a business model that can be our own. We know that everyone is trying to compete in the same space, but we can have a market that is truly our own. PBCOM can have a unique growth story that is not copied from someone else's.

All we need to do is anchor on our distinctive strengths - a shareholder base that provides a very rich source of ecosystem waiting for us to harvest; a customer base that is ready to share and spread to many their words of recommendation; a great human resource capital that is practicing the true meaning of PRIDE in everything

As stakeholders of PBCOM, together, we can make these happen.

Believe, Achieve, Take PRIDE.

President & CEO

REPORT ON 2019 OPERATIONS

Philippine Bank of Communications reported consolidated net income of P1.2Billion for 2019, a record-breaking performance which came on the back of strong revenue from its core business.



driven by core business

Operating Income grew 24.0% to P5.05Billion, derived from lending and trading activities. The Bank's Corporate and Commercial loan portfolio grew by 19.0%, almost twice the growth rate seen in the banking industry's lending activities. Funding came largely from low cost funding which comprises 48% of the bank's total deposit liabilities, which registered an increase of 30% compared to industry CASA growth of 7.6%. These two factors led to the 15 basis points improvement in Net Interest Margin at 3.85%. Net Interest Income ended at 12% better at P3.2Billion for the year from P2.9Billion for the same period in 2018.

Non-Interest Income derived from service charges, fees and commissions increased 19% to P407.5Million. Gains from trading of fixed income and currency instruments surged to P458.3Million, a growth of more than 5 times compared to 2018 level.

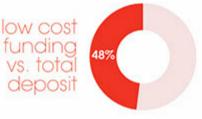
Pre-provision operating expense is at P3.1Billion, with a manageable increase of 1.4% even with the Bank's continued investments in digital platform, enhanced branch network and resource development. Additional P377.6Million was set aside for provision on credit losses as the Bank implemented its ECL model.

The year 2019 was an opportune time for the Bank to review its business segments and ensure that it will only focus on areas that are aligned to the long-term strategy and where it can build scale and expertise. Thus, in the second half of 2019, the Bank sold its stake in PBCOM Rural Bank, Inc., as well as its dealer-generated auto loan portfolio. In the same year, however, the Bank launched two strategic projects: PBCOM POP-UP, a branch-lite format situated in selected Puregold branches and PBCOM Mobile, the bank's cloud-based Digital Banking channel targeted at new-to-bank individual

Despite the execution of various strategic initiatives and fine-tuning of its business model, the Bank remains in a very strong capital position. As of December 2019, the bank's total equity is at P11.4 Billion, Risk Based Capital ratio of 16.47% and Common Equity Tier 1 ratio of 13.69%.

growth in corporate and commercial loan portfolio





P458.3 M gains from trading

more than 500% growth vs. previous year



bringing PBCOM closer to the FILIPINOS



PBCOM has expanded its branch network to include PBCOM POP-UP Branches conveniently located in select Puregold outlets. The three pilot locations were opened in Puregold Taguig, Puregold Valenzuela and Puregold Paso De Blas. The new PBCOM POP-UP format is a combination of traditional small branch banking and self-service machines.



For our corporate and commercial banking clients, PBCOM has deployed self-service Remote Cash Deposit and Remote Check Deposit machines so that they can deposit cash and checks at any time of the day.

For PBCOM Remote Cash Deposit machines, our customer's personnel count the cash once, then deposit it into the machines for validation and safekeeping inside a secure and insured safe. Once the money is in the safe, the funds are guaranteed and no one else will touch it until it is scheduled for transportation by our authorized armored courier. Following each deposit, receipts are printed to assist our clients in balancing their cash drawers.

Our clients using the PBCOM Remote Cash Deposit machines have already enjoyed its benefits: (1) Increased safety and security - Eliminates need for them to physically transport cash to the bank to deposit; (2) Faster funds availability - Cash deposits can immediately be credited to their accounts while the cash is in the safe; (3) Accuracy - Reduced cash handling errors and greater financial information visibility with online, real-time reporting; (4) Improved loss prevention - Reduced cash losses from internal theft or robbery. Handling cash once provides direct accountability.

While clients using the PBCOM Remote Check Deposit service are now using a certified scanner, computer, and Internet connection to immediately submit check images for deposit to their PBCOM accounts. Customers get to keep the physical checks while enjoying the convenience of depositing the checks from their offices. This means longer check deposit cut-off times and no need to send personnel to a PBCOM branch.





PBCOM, with a rich history of helping people prosper, has taken great strides in delivering its brand promise "Together We Grow". In 2019, as we celebrate our 80" year in the industry, we have started implementing our Financial Inclusion Program. The main objective is to make banking facilities and other financial products accessible to more clients, regardless of their economic standing. Our aim is to help eliminate the barriers for the regular Filipinos that stops them from banking. With the guidance of the Bangko Sentral na Pilipinas, our Board of Directors and Senior Management Team have driven the entire organization to take on the challenge of bringing PBCOM closer to the Filipino people.

The PBCOM POP-UP Branch

2019 saw the birth of the PBCOM POP-UP branch whose concept is easy and accessible banking. Imagine a shop, inside your favorite retail store, with no frills and complications, just pure and simple banking. The idea is to deploy small easy to build & maintain "branch lites" in groceries and supermarkets. The physical POP-UP branch

is to be built with an open and welcoming vibe, manned by friendly and approachable staff, to encourage people from all walks of life to come in and bank.

The PBCOM POP-UP branches offer an easier and more convenient way of banking. Clients can conduct their basic banking services like opening an account, applying for a loan, cash and check deposit, within the location of their favorite stores. The objective is to make it easier for everyone, especially those who have no bank accounts yet, to start their financial journey with PBCOM.

Through the synergy with the Lucio Co group of companies, we have opened three POP-UP branches strategically located in high-traffic areas of Puregold Taguig, Puregold Valenzuela and Puregold Paso De Blas. From their opening in June up to December 2019, the POP-UP branches were able to open more than 1000 bank accounts. This means more than 1000 "Aling Purings" were able to start banking with PBCOM because of our POP-UP.







Oplan Ipon: A Financial Education Series

We at PBCOM believe that it is very important for everyone to start saving today. Whether big or small, everybody needs to grab the chance to finally start working on their #IPONgoals. With this in mind, we have started rolling out a program entitled "Oplan Ipon", a basic financial wellness program that includes sharing of knowledge and ideas on the proper ways to save money, practical tips on how to start building one's personal savings, and a tool to help make saving easier and more

The main component of this program is a seminar-type learning experience that includes a short 15 to 20-minute talk and interactive and fun games. Through this seminar, we have also launched the PBCOM Oplan Ipon Challenge where those who have no bank accounts yet are encouraged to open an account and save at least Php 1,000 every month for 6 months, Ipon "challengers" will get a PBCOM token during their monthly visit and deposit.

Another facet of the Oplan Ipon Program is a digital awareness campaign where the content of the seminar has been re-crafted to form part of a series of informational materials being posted in the PBCOM website and its social media accounts. These materials are short, simple and easy to understand so that it may be able to reach and teach a greater number of people.



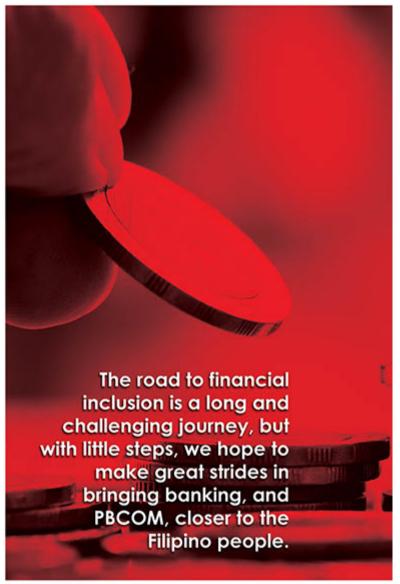


To date, we are able to teach around 627 regular individuals through our seminars, and reach around 15,000 people through our digital campaign, With PBCOM's Oplan Ipon Program, we hope to continue giving the gift of financial awareness to our fellow "Ipon" hopefuls.

PBCOMobile: banking on your phone

The bank has also started working on its all-mobile banking platform branded PBCOMobile. With just a smart phone, Filipinos can already open an account and gain access to PBCOM's financial services. This makes it easier and more accessible to more people, as there will be no opening and maintaining balance requirements. Since opening of accounts are done through the mobile app, it is accessible anytime and anywhere. Officially launched in April, in just a month's time, 850 individuals were able to open an account through their phones.









Mr. Recto, Filipino, 56 years old, was elected Director and Vice Chairman of the Board on July 26, 2011, appointed Co-Chairman of the Board on January 18, 2012 and Chairman of the Board on May 23, 2012. He is the Vice-Chairman of Alphaland Corporation and Vice-Chairman and President of Atok Bia-Wedge Co., Inc. Mr. Recto is an Independent Director of Aboitiz Power Corp. and PH Resorts Holdings Inc., and a Director of DITO CME Holdings Corp., (formerly ISM Communications Corp.), His Prior executive engagements include President of Petron Corporation from 2008 up to 2013 and President of Eastern Telecommunications Phils, Inc. from 2006 up to 2009. He served as Undersecretary of the Department of Finance from 2002 up to 2005. He obtained an MBA from Cornell University's Johnson School of Management and a BS degree in Industrial Engineering from the University of the Philippines. Total No. of Direct Shares - 50,459,424 - 10,50%

Mr. Dayao, Filipino, 76 years old, was elected Director on September 29, 2014 and Co-Vice Chairman on October 24, 2014, Mr. Daygo 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., Grass Gold Renewable Energy (G2REC) Corporation Kareila Management Corporation, League One Finance and Leasing Corporation, Pamana Water Corporation, P\$MT Philippines, Inc., \$&R Pizza (Harbor Point), Inc., \$&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., and Director of Canaria Holdings Corporation, Entenso Equities Incorporated, Karayan Hydropower Corporation and Puregold Realty Leasing & Management, Inc. He received a Bachelor of Science Degree in Commerce from Far Eastern University, He is a Certified Public Accountant and has completed Basic Management Program at Asian Institute of Management and earned units in MBA from University of the Philippines-Cebu, Total No. of Direct Shares - 10,001 - 0,00%



LEONARDO B. DAYAO Vice Chairman and Director



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., LCCK & 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 Holdinas 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. Total No. of Direct and Indirect Shares -93.120.705 - 19.37%

Ms. Siy, Filipino, 60 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 Seament. 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 staved from 1983 to 1994 as Project Analyst, Cebu Lending Head, Visayas Lending Head, and then Branch Lending Head, Ms. Siy graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering. Total No. of Direct Shares - 100 - 0.00%



PATRICIA MAY T. SIY President and Chief Executive Officer, 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, Angelo King Foundation Inc. and Kim Siu Ching Family Association, Vice-Chairman & President of Tiong Se Academy, Mr. Chung has a degree in AB (Economics) & Business Administration from De La Salle University as well as an MBA from the University of Southern California, Total No. of Direct and Indirect Shares - 1,000,010 - 0,20%

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 and Director of the following privately-owned companies: Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Kareila Management Corp., KMC Realty Corp., Meritus Prime Distributions, Inc., Montosco, Inc., Nation Realty, Inc., NE Pacific Shopping Center Corporation, P.G. Holdings, Inc., Patagonia Holdings Corp., PPCI Subic Inc., Premier Wines and Spirits, Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc., San Jose City I Power Corp., Union Energy Corporation and Union Equities, Inc. Mrs. Co received a Bachelor of Science Degree in Commerce from the University of Santo Tomas. Total No. of Direct and Indirect Shares - 93.027.585 - 19.35%



SUSAN P. CO Director



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, Total No. of Direct Shares - 100 - 0.00%

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. Total No. of Direct Share - 100 - 0.00%





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, Echaque Realty Corporation and RN Realty Corporation, Mr. Nubla has more than 30 years of experience in banking being an Executive Director of the Bank in 2004, Senior Vice President in 1982, Vice Chairman in 2000 and Chairman of the Board in 2010, He was formerly President of CNC Investment Inc. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Commerce, Total No. of Direct Shares -51,779,374 - 10,77%

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, American Motorcycles, Inc., and Nexus Technology. He is Vice Chairman of the Board and Chairman of the Executive Committee of Sterlina Bank of Asia. He is also a Director of ISM Corporation, Alphaland Corporation, APO Agua Infrustructura, Philippine Airlines, PAL Holdings, Inc., CATS Asian Cars, Inc., PhilEquity Management Inc., Vantage Equities Inc., Vantage Financial Corporation (formerly E-Business Services, Inc). Unistar Credit and Finance Corporation, Prople BPO Inc., Glyph Studios. Inc., WSI Corporation, 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, R\$ Lim & Co., and a Director and Vice President at Chase Manhattan Asia Limited, Mr, Yu graduated Summa Cum Laude with a degree of Bachelor of Arts in Economics from De La Salle University and holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, Total No. of Direct Shares - 1,432,692 - 0,30%





Mr. Jalandoni, Filipino, 62 years old, was elected Independent Director on January 28, 2013. He is currently Director of Liberty Flour Mills and Chairman and President of Alegria Development Corporation, Mr. Jalandoni is also the President of LFM Properties Corporation, Executive Vice President and Treasurer of Enterprise Car Lease Phils. Inc. and Treasurer of JM & Co. Inc. Mr. Jalandoni holds a Bachelor of Science degree in Business Management major in Economics at Simon Fraser University, Burnaby, British Columbia. Total No. of Direct Shares - 10 - 0.00%

JESUS S. JALANDONI, JR. 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 obtained his Bachelor in Business Administration in Accountancy at the University of the Philippines and a Master in Management at the Asian Institute of Management. Mr. Mendoza is a Certified Public Accountant, Total No. of Direct Shares - 100 - 0.00%





She is currently Chairman of the Board of Producers Savinas Bank Corporation where she was formerly a Director/Consultant. She also sits as Chairman of the following acquired banks of Producers Savings Bank namely PBCOM Rural Bank, Peoples Bank of Caraga RB. Rural Bank of San Quintin and Banako Carrascal, Inc. She 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 Actina President from July 2005 to November 2006 and Trustee of Land Bank Countryside Development Fund from 2005 to 2015. She also served as Chairman/Director in various government and private institutions engaged in leasing, realty, insurance, guarantees, microfinancina, rural and development banking from 1985 to 2016 such as LBP Insurance Brokerage, Inc., LBP Leasing and Finance Corporation, Landbank Realty Corp., Masaganang Sakahan, Inc., National Livelihood Development Corporation, Peoples Credit and Finance Corporation, Philippine Crop Insurance Corporation, among others, Ms. Pico obtained her Bachelor of Science Degree in Commerce in 1966 from the College of the Holy Spirit where she graduated Magna Cum Laude and earned units in Masters in Business Administration from the University of the East, Ms. Pico is a Certified Public Accountant, Total No. of Direct Shares - 100 - 0.00%

Ms. Pico, Filipino, 73 years old, was elected Independent Director on February 22, 2017.

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 Managina 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, Total No. of Direct Shares - 100 - 0.00%

GILDA E. PICO

Independent Director





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 Na Lunasod na 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-Arbiter of the Department of Labor and Employment, Atty, Laquesma 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 Executive Service Development Program at the Development Academy of the Philippines, Total No. of Direct Shares - 100 - 0.00%



HENRY Y. UY **Board Adviser**

Mr. Uy, Filipino, 72 years old, was appointed Board Adviser on June 1, 2015. He is the Chairman Emeritus of the Board of PBCOM Rural Bank, Inc. and the Chairman of PBCOM Finance Corporation. Mr. Uy also held various positions with the Bank as President & CEO from October 2010 to July 2012, Executive Director from August 2004 to November 2005 and Vice Chairman of the Board from August 2012 to May 2015. He was a Director of the Bank from July 1986 to May 2015. He is also the Vice President of Echague Realty Corporation since 1992. Mr. Uy holds a Bachelor of Science degree Major in Business Administration from De La Salle University in 1970 where he graduated Magna Cum Laude, He obtained his Masters in Business Administration from De La Salle University in 1975, Total No. of Direct Shares - 10 - 0.00%



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, Total No. of Direct Shares - 0 - 0.00%



MAY



PATRICIA MAY T. SIY President and Chief Executive Officer

Ms. Siv. Filipino, 60 years old, was elected Director, President and Chief Executive Officer on June 1, 2015 and has over 30 years of experience in the banking industry handling various leadership positions. Ms. Siy graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering. Please refer to the Board of Directors' profile to read Ms. Siy's profile in full.



JOHN HOWARD D. MEDINA Chief Operating Officer, EVP

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 Treasurer and Head of Treasury Group, EVP

Mr. Atienza, Filipino, 49 years old, joined PBCOM in 2016 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. Atlenza obtained his Bachelor of Arts in Economics and holds a Master of Business Administration degree from San Sebastian College.



VICTOR O. MARTINEZ Head of Corporate and Commercial Group, EVP

Mr. Martinez, Filipino, 54 years old, joined PBCOM in 2020 and has over 27 years of experience in Corporate Lending, Loan Syndication and Project Finance across major industries gained from local and foreign banks. Mr. Martinez obtained his Bachelor of Science in Commerce major in Management of Financial Institutions from De La Salle University and holds a Master of Management degree from Willamette University, Salem Oregon.



JOSEPHINE G. CERVERO

Chief Trust Officer and Head of Trust and Wealth Management Group, SVP

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 Directors 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.



ARLENE M. DATU

Comptroller and Head of Finance Group, SVP

Ms. Datu, Filipino, 61 years old, joined PBCOM in 2013 and has over 38 years of banking experience gained from Local and Foreign Banks as well as a Credit Card Company. She has extensive exposure on Financial Accounting, Management Profitability Reporting and Analysis, Regulatory Compliance, Operations, Risk and Audit, Ms. Datu obtained her Bachelor of Science major in Accounting from Polytechnic University of the Philippines.



EXPEDITO G. GARCIA, JR.

Head of Transaction Banking Group, SVP

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.



ERICO C. INDITA Head of Branch Sales and Distribution, SVP

Mr. Indita, Filipino, 51 years old, joined PBCOM in 2020 and has over 26 years of extensive management and banking experience in Branch and Retail Banking, Mr. Indita, obtained his Bachelor of Science Degree in Commerce major in Management from San Beda College and holds a Master in Business Administration Degree from Ateneo De Manila University Graduate School of Business, He also has a Diploma in Strategic Negotiations from Asian Institute of Management.



JANE L. LARAGAN Head of General Services, SVP

Atty, Laragan, Filipino, 52 years old, joined PBCOM in 2016 and has over 20 years of experience in various Departments: Legal, Human Resources, General Services, Compliance and Risk. Atty. Larggan obtained both her Bachelor's Degree in Commerce in Economics and Bachelor's Degree in Law from the University of Santo Tomas.



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

Atty. Melo, Filipino, 46 years old, joined PBCOM in 2016 and has over 21 years 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 Head of Consumer Finance Group, SVP

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 Head of Operations Group, SVP

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 degree, major in Behavioral Science and Bachelor of Science in Commerce major in Accounting from De La Salle University.

BING



LORELLEI PAULA B. ARJONILLO

Chief Risk Officer and Head of Enterprise Risk Management Group, FVP

Ms. Arionillo, Filipino, 56 years old, joined PBCOM in 2019 and has over 35 years of experience in the financial industry covering Risk Management, Treasury, Capital Markets, SME Lending, Central Banking, Credit Rating, and Credit Guarantee, with the last 24 years spent in a senior capacity, in the Philippines and Indonesia. She graduated from De La Salle University with degrees in Economics and Accounting, A Certified Public Accountant (CPA) and a Certified Financial Risk Manager (FRM certificate) from Global Association of Risk Professionals, USA. Ms. Arjonillo, obtained her Masters in Business Administration from the University of the Philippines, Diliman,



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

Mr. Lobien, Filipino, 42 years old, joined PBCOM in 2014 with over 20 years of Internal and External Audit and Finance experience in Banking, Advertising, Fast Moving Consumer Goods, and Pharmaceutical industries, Mr. Lobien, obtained his Bachelor of Science in Business Administration and Accountancy from the University of the Philippines, Diliman (Cum Laude) and has an Executive Master in Business Administration from the Asian Institute of Management, He is also a Certified Public Accountant, a Certified Internal Auditor and has a Certification on Controls Self-Assessment from the Institute of Internal Auditors.



MINA F. MARTINEZ Head of Human Resources Group, FVP

Ms. Martinez, Filipino, 57 years old, joined PBCOM in 2015 with 35 years of Human Resource Management experience gained from the Construction, Manufacturing, Banking and Retail Industries. She specializes in Policy Development and Documentation, Employee and Labor Relations, Workforce Planning, Performance Management, Training and Development, Ms. Martinez obtained her Bachelor of Arts in Mass Communications from Far Eastern University and completed all academic units for her Master of Business Administration from Colegio de San Juan de Letran, Manila.





ARIEL A. RODA

Chief Information Officer and Head Information Technology Group, FVP

Mr. Roda, Filipino, 57 years old, joined PBCOM in 2018 with over 30 years Information Technology experience in Creating, Managing, and Transforming IT environments for large publicly-listed corporations in the Energy, Telecommunications, Gas & Oil, Mobile Solutions, and Global IT Consulting Industries, Mr. Roda, obtained his Bachelor of Arts in Philosophy from the University of the Philippines, Diliman.



JOAN IRIS T. LEON

Head of Performance and Project Management, VP

Ms. Leon, Filipino, 41 years old, joined PBCOM in 2015. She has over 15 years' experience in the fields of Analytics, Corporate Planning and Project Management gained from various industries with particular focus on Banking and Finance. Ms. Leon obtained her Bachelor of Science in Management from the University of Nevada at Reno and holds a Master of Business Administration degree from Newcastle Business School.



ANGELITA U. EGALIN

Chief Compliance Officer and Head of Compliance Management Group, SAVP

Ms. Egalin, Filipino, 54 years old, Joined PBCOM in 1988. She has over 30 years experience in banking. Fields of specialization include Compliance, Governance, AML, Branch Banking, and Loan Operations. Ms. Egalin, obtained her Bachelor of Science in Business Administration major in Accounting from the University of the East. She also is a Certified Public Accountant (CPA).



BELLE ROSAMOND D. JUSTINIANI Head of Marketing, SAVP

Ms. Justiniani, Filipino, 45 years old, joined PBCOM in 2013 with over 15 years of Marketing experience in Brand, Event and Project Managements, PR and Communications and Market Understanding. She handled key positions in Retail, Hospitality, Telecommunications, International Publications and Technology industries, Ms. Justiniani, obtained her Bachelor of Arts in Sociology from the University of the Philippines, Los Banos,



MARICHELLE B. POYAGAN

Data Privacy Officer and Head of Customer Protection and Experience Management, SAVP Ms. Poyagan, Filipino, 45 years old, joined PBCOM in 2016 with over 20 years of Customer Service, Sales and Training experience in Banking, Telecommunications, Hotel and Gaming industries. She has an extensive exposure in Relationship Management, Process Improvement and Service Delivery. Ms. Poyagan, obtained her Bachelor of Arts major in Human Resources Management from De La Salle University, College of St. Benilde.

OUR SENIOR OFFICERS

PRESIDENT

Siy, Patricia May Tan

EXECUTIVE VICE PRESIDENTS

Atienza, Alan Evediano Martinez, Victor Osmeña* Medina, John Howard Drueco

SENIOR VICE PRESIDENTS

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Legaspi, Jo-Anne Rodil
Lobien, Jeruel Nazareno
Luy, Aaron Jay Tiu***
Martinez, Mina Francisco
Medina, Guia De la Rosa***
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Roda, Ariel Alvarez
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Lachica, Cherry Cudal****
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Leon, Joan Iris Torio
Lichauco, Christopher Cainto***
Lim. Lillian Lucente

Macaalay, Dinah Estanislao****
Marcelino, Katherine Santos
Medrero, Michael Tenebro
Ng, Sherwin Juan***
Nieto, Maria Minerva Alameda
Pua, Michael Zee
Sahagun, Frederick Sison
Tonio, Ma. Monette Cabetingan
Wong, Kristine Lotilla***
Yu, Alice Choa

SENIOR ASSISTANT VICE PRESIDENTS

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Chu, Liza Manzana Chu, Shan Shan Na Chua, Kristine Nicole Co*** Chua, Yolanda Yee Co. Charlotte Andrea Lao*** Co. Grace Ona Co. Jane Yu Cruz, Armando Picones Culaba, Nilo Lu-Ana Daug Daug III, David Presas Dimaculangan, Myra Geronimo Escalante, Melissa Arellano Fajardo, Anthony Flores Geronimo, Maria Rosario Cruz Giducos, Abram Canete Go, Chester Benedict Uy Gochangco, Rene Halili Guzman, Josephine Ting Japay, Sheila Kathleen Perpose Labrador, Ruben Noblejas Lagula, Ma. Rosario Ng Lamberte, Benito Manalo Lao, Michael Stephen Hui Lee, Annabel Chena Lee, Jennielyn Co Martija, Ana Liza Maralit*** Maximo, Lizette Anne Sevilla Nasol, Severino Dumandal Niosco, Michiko Yano Ong, Russell Lee Ovco, Rosauro Quinto*** Perez, Ana Marie Ocampo Pineda, Napoleon Jr. Navarro Pinza, Gina Dimasangal Refuerzo, John Paul Merida Sanchez, Jaime Jr. Bengzon Soriano, Victoria Vega Tan, Melly Chua Tolentino, Amelia Estrella Tychuaco, Irwin Joseph Tan Varona, Jose Jr. Heredia Velasquez, Gerundio Jr. Garcia Velasquez, Misael Dela Merced Villamora, Mark Jan Preston*** Young, Christian Irving Buenagua

"Joined March 2, 2020
""Joined February 3, 2020
""Fromoted April 1, 2020
"""Joined April 13, 2020

Our BUSINESS

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

CORPORATE & COMMERCIAL BANKING

The Corporate & Commercial Banking Group supports customers ranging from small to medium enterprises and large corporates, with tailored financial products and services to enable them to reach their full potential in the industries and communities within which they operate. The Group provides Short-Term Loans, Term Loans, Domestic & International Trade Facilitation, and Foreign Exchange Services, as well as, develop customized financial solutions that include project financing for medium and large corporates.

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

TREASURY

Treasury Group has 3 main functions. First and foremost is the management of the Bank's liquidity and funding to the Retail, Corporate and Consumer Banking Segments. Second, Treasury is responsible for the trading strategies and their subsequent execution for both Fixed Income securities and Foreign Exchange. Lastly, Treasury provides qualified clients access to financial products for their investment and/or hedging requirements to manage their Foreign Exchange or Interest Rate risks.

- Deposit Substitutes
 - · Promissory Notes
 - · Repurchase Agreements
- Fixed Income Securities (Local Currency and Foreign Currency Denominated)
 - Commercial Papers
 - · Treasury Bills
 - · Retail Treasury Bonds
 - · Fixed Rate Treasury Notes
 - · Corporate Bonds
 - Sovereign Bonds (Republic of the Philippines, Other Sovereign)
 - · US Treasuries

- · Foreign Exchange
 - FX Spot
 - · FX Forward Contracts
 - FX Swap Contracts

TRUST & WEALTH MANAGEMENT

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

- Investment Management Accounts
- Personal Management Trust Services
- · Unit Investment Trust Funds (UITFs)
 - · Best Balanced Fund
 - Signature Trust Fund
 - · Value Equity Fund
- Provident and Retirement Fund Management Services
- Escrow Accounts
- · Safekeeping
- Loan Facility Agency Services
- Mortgage Trust Indenture

TRANSACTION BANKING

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

- · Cash Management
 - POP Personal Retail Internet and Mobile Banking Facility
 - POP Business Corporate Cash Management Facility
 - · Corporate Check Printing
 - Cards
 - o Debit Cards
 - o Cash Cards
 - · Cash Collection and Delivery Service
 - · Managers Check Printing
 - · Payroll Service
 - · Payroll Software Solution
 - · Post Dated Check Warehousing Solution
- · Remittances
 - Domestic Peso Transfer (RTGS, PESONET and INSTAPAY)
 - . Domestic US Dollar Transfer (PDDTS)
 - Incoming and Outgoing International Telegraphic Transfer
- Facilities via BancNet for Business
 - · BIR eFPS
 - · POS BancNet Debit Card Acquiring
 - · POS Cash Back Solution
 - · SSS via eGov Facility
 - · Bills Payment Services
 - · e-Merchant Services



RETAIL BANKING GROUP

Composed of two (2) major business groups: The Branch Banking and Consumer Finance groups.

BRANCH BANKING

The Branch Banking Group consists of Branch Sales handled by Business Managers and Area Heads across the country and Branch Sales and Distribution Head handling the supervision of both; and Branch Service, consisting of Service or Cash Officers and their Service Associates and Branch Services Head handling the supervision of the service team. They are backed up by MIS, Process and Systems Support, Transaction Banking Sales and Support, Consumer Finance Sales, People Development and Product Marketing and Development. The Group is focused on Funds Generation, Consumer, SME and Commercial Loans, Cash Management Solutions, and overall growth and development of the Branch footprint nationwide.

- · Deposit
 - Starter Account (Basic Deposit)
 - · Quick Cash Account
 - · Regular Savings Account
 - Pensionado (SSS Pensioner)
 - · Regular Checking Account
 - Value Check Account
 - IntegrALL Account
 - · Regular Time Deposit
 - · Premium Time Deposit (1 Year & 2 Years)
 - · Sure Earner 5-Year Time Deposit
 - Dollar Savings Account
 - Dollar Time Deposit
 - Maxi Dollar Time Deposit
 - · Dollar Plus (2 Years & 3 Years)
 - Euro Savings Account
 - · Euro Time Deposit
- · Ancillary Services
 - Acceptance of BIR and Bureau of Customs payments

- · Demand Draft
- Gift Checks
- · Manager's Checks
- · Purchase and Sale of Foreign Currency
- · Safe Deposit Boxes

CONSUMER FINANCE

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

- Auto Loan
- · Home Loan
- · Personal Loan
- · Salary Loan
- · Small Business Loan
 - · Clean Business Loan
 - · Business Vehicle Loan
 - Secured Business Loan



Know more about our products and services at

www.pbcom.com.ph



OUR BRANCHES

METRO MANILA REGION

ANNAPOUS

Unit 101 Victoria Plaza Condominium, 41 Annapolis Street Greenhills, San Juan City

AYALA-ALABANG

Unit 101-A Coherco Financial Tower (formerly ALPAP II Building) Trade Street Corner Investment Drive, Madrigal Business Park Alabang, Muntinlupa City

BANAWE

G/F 2 Benby Building, Banawe Street, Quezon City

BINONDO BANKING CENTER

214-216 Juan Luna Street, Binondo Manila

BMA

64 Web-Jet Building, BMA Street Corner Quezon Avenue, Barangay Tatalon, Quezon City

CAINTA

LG/F CK Square Building, Ortigas Avenue Extension Corner Sunset Drive, Cainta, Rizal

CALLE INDUSTRIA-LIBIS

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

CALOOCAN

298 Rizal Avenue Extension Between 5th and 6th Avenues Grace Park, Caloocan City

CONGRESSIONAL AVENUE

LC & Sons Building 8 Congressional Avenue Barangay Bahay Toro, Quezon City

CORINTHIAN GARDENS

Sanso Street, Corinthian Gardens Quezon City

CUBAO

2/F The Spark Place, P. Tuazon Corner 10th Avenues, Cubao Quezon City

DIVISORIA MALL

3/F Divisoria Mall, Tondo, Manila

ELCANO

SHC Tower, 613 Elcano Street San Nicolas, Manila

F1 BGC

G/F F1 Hotel Building 32nd Street Corner Lane A Bonifacio Global City, Taguig City

GREENHILL

Quadstar Building, Ortigas Avenue Greenhills, San Juan City

INOZA TOWER

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

J. P. RIZAL

G/F Santini Corporation Building 519 J. P. Rizal Avenue Barangay Olympia, Makati City

LEGASPI VILLAGE

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

M. DE SANTOS

G/F LCCK Building, M. De Santos Corner Tabora Streets, Divisoria Manila

MAKATI BANKING CENTER

G/F P8COM Tower, 6795 Ayala Avenue Corner V. A. Rufino Street Makati City

MAKATI PLACE

G/F Unit C-15 Alphaland Makati Place, Ayala Avenue Corner Malugay Street, Makati City

MALABON

Building L, 34 Governor Pascual Avenue, Acacia, Malabon City

MARIKINA

36 J. P. Rizal Street, Calumpang Marikina City

MASANGKAY

1004-1006 G. Masangkay Street Binondo, Manila

MERALCO AVENUE

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

ONGPIN

726 Ongpin Corner S. Padilla Streets, Sta Cruz, Manila

PADRE RADA

G/F 951 Juan Luna Street, Tondo Manila

PARAÑAQUE

Stalls 3 & 4 Kingsland Building Dr. A. Santos Avenue, Sucat Paranague City

PASAY

2492 Taft Avenue Extension Pasay City

PIONEER

G/F RFM Corporate Center Pioneer Corner Sheridan Streets Mandaluyong City

POP-UP PUREGOLD PASO DE BLAS

Roayal Family Mall, Paso De Blas Road Corner East Service Road North Expressway Malinta Valenzuela City

POP-UP PUREGOLD TAGUIG

General Luna Street, Barangay Tuktukan, Taguig City

POP-UP PUREGOLD VALENZUELA

419 McArthur Highway Dalandan Valenzuela City

QUEZON AVENUE

APC Building, 1186 Quezon Avenue, Quezon City

S&R COMMONWEALTH

G/F Unit 4 S&R Membership Shopping, Commonwealth Avenue Corner Quirino Highway Barangay Kaligayahan Novaliches, Quezon City

SAN MIGUEL AVENUE

G/F 101 One Magnificent Mile (OMM) Citra Condominium San Miguel Avenue, Pasia City

SEN. GIL PUYAT AVENUE

G/F Oppen Building, 349 Sen. Gil Puyat Avenue, Makati City

SHAW BOULEVARD

146 Shaw Boulevard Corner San Roque Street, Pasig City

SOLER

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

SOUTHGATE MALL

3/F Alphaland Southgate Mall 2258 Chino Roces Street Corner EDSA, Makati City

STA. MESA

440-A G. Araneta Avenue Corner Bayani Street, Sta. Mesa Quezon City

STO. CRISTO

565-567 Sto. Cristo Street, Binondo Manila

T. ALONZO

G/F Tan Kiang Building, 665 T. Alonzo Street, Sta. Cruz, Manila

TIMOG

G/F Gil-Preciosa Building 2 75 Timog Avenue, Quezon City

TUTUBAN

Unit PL-LS07 & PL-LS08 Tutuban Center Prime Block C.M. Recto Avenue, Manila

U. N. AVENUE

G/F Unit 101-102 Don Alfonso Sycip Condominium, 1108 M. H. del Pilar Street Corner U.N. Avenue, Ermita Manila

VALENZUELA

246 McArthur Highway, Karuhatan Valenzuela City

WILSON

G/F Unit 18 186 Wilson Street San Juan City

LUZON REGION

ANGELES

G/F MLT Centre Building Lot 28 Block 2 McArthur Highway Barangay Ninoy Aquino, Angeles Pampanga

BAGUIO

G/F Unit 105, 106 & 106-B Baguio Holiday Villas, 10 Legarda Road Baguio City, Benguet

BALIUAG

NE Super Bodega, Dona Remedios Trinidad Highway, Baliuag, Bulacan

BATANGAS

Diego Silang Street, Batangas City Batangas

CABANATUAN

G/F SAM Building, Along Maharika Highway, Cabanatuan City Nueva Ecija

CALAMBA

G/F Walter Mart Center, Real Road Barangay Real, Calamba, Laguna

CAUAYAN

Mateo-Patricia Building, Rizal Avenue Extension, Cauayan Isabela

DAGUPAN

Balingit Building, M. H. Del Pilar Street, Dagupan, Pangasinan



EVY Building, Molino-Paliparan Road, Salawag, Dasmariñas Cavite

IMUS

P. Nueño Corner Gaerlan Streets Imus, Cavite

LA UNION

G/F CJ Arch Building, Quezon Avenue, San Fernando, La Union

LEGAZPI-ALBAY

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

UPA

G/F ATDRMAM Laguna Corporation Building Ayala Highway, Mataas na Lupa Lipa, Batangas

LUCENA

G/F VCII Building, Merchan Street Lucena, Quezon

MALOLOS

Malolos Shopping Arcade, Paseo Del Congreso, Barangay San Agustin, Malolos, Bulacan

MEYCAUAYAN

Mancon Building, McArthur Highway, Barrio Calvario Meycauayan, Bulacan

NAGA

G/F Rodriguez Building 956 Panganiban Corner Balintawak Streets, Naga Camarines Sur

OLONGAPO

G/F YBC Centre Mall, Rizal Avenue Extension, Olongapo City Pampanga

S&R DAU

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

SAN FERNANDO

McArthur Highway, Dolores San Fernando City, Pampanga

SAN PABLO

65 Rizal Avenue, Poblacion San Pablo, Laguna

SAN PEDRO

Puregold San Pedro, Old National Highway Corner Magsaysay Street San Pedro, Laguna

STA ROSA

Unit 2 Paseo 5, Phase 2 Paseo de Sta. Rosa, Greenfield City Sta. Rosa, Laguna

VISAYAS REGION

BACOLOD

Units A-E G. Piazza Sorrento Building. 13 Lacson Street Bacolod City, Negros Occidental

CEBU BUSINESS PARK

G/F Unit 1 Mercedes Benz Tower Mindanao Avenue, Cebu Business Park, Cebu City, Cebu

CEBU LAPU-LAPU

G/F Unit 11 Alpha Arcade Building M. L. Quezon Avenue, National Highway, Lapu-Lapu City, Cebu

CEBU MAGALLANES

Magallanes Near Corner Manalili Streets, Cebu City, Cebu

CEBU MANDAUE

National Highway Corner L. Jayme Street Mandaue City, Cebu

CEBU MANGO

Gen. Maxillom Avenue (formerly Mango Avenue) Cebu City, Cebu

ILOILO

Ledesma Corner Valeria Streets Iloilo City, Iloilo

ORMOC

Unit 105 G/F L & R Building Bonifacio Street, District 18 Ormoc City, Ormoc

TAGBILARAN

G/F LTS Building, 20 Carlos P. Garcia Avenue, Tagbilaran City Bohol

MINDANAO REGION

CAGAYAN DE ORO

Tiano Brothers Corner Hayes Streets Cagayan de Oro

DAVAO BAJADA

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

DAVAO MONTEVERDE

41 Monteverde Avenue Davao City

DAVAO QUIRINO

111 E. Quirino Avenue, Davao City

GENERAL SANTOS

Santiago Boulevard, General Santos City, Sarangani

ILIGAN

G/F M. Commercial Building Zone 3, National Highway, Roxas Avenue, Poblacion, Iligan City Lanao Del Norte

KORONADAL

General Santos Drive, Koronadal South Cotabato

TAGUM

Pioneer, Tagum, Davao Del Norte

ZAMBOANGA VALDEROSA

G/F Interco Building N. S. Valderosa Street Zamboanga City

ZAMBOANGA VETERANS

G/F Door 5-7 BSC Tower (formerly Zamsulu Building) Veterans Avenue Zamboanga City

OUR ATMs

METRO MANILA REGION

999 MALL

Soler Street, Binondo, Manila

ANNAPOLIS

Unit 101 Victoria Plaza Condominium, 41 Annapolis Street Greenhills, San Juan City

AYALA-ALABANG

Unit 101-A Coherco Financial Tower (formerly ALPAP II Building) Trade Street Corner Investment Drive, Madrigal Business Park Alabang, Muntinlupa City

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G/F 2 Benby Building, Banawe Street, Quezon City

BINONDO BANKING CENTER

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BMA

64 Web-Jet Building, BMA Street Corner Quezon Avenue, Barangay Tatalon, Quezon City

CAINTA

LG/F CK Square Building, Ortigas Avenue Extension Corner Sunset Drive, Cainta, Rizal

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CALOOCAN

298 Rizal Avenue Extension Between 5th and 6th Avenues Grace Park, Caloocan City

COMEMBO COMMERCIAL COMPLEX

J.P. Rizal Extension Corner Sampaguita Street, Comembo Makati City

CONGRESSIONAL AVENUE

LC & Sons Building, 8 Congressional Avenue, Barangay Bahay Toro Quezon City

CORINTHIAN GARDENS

Sanso Street, Corinthian Gardens Quezon City

CUBAO

2/F The Spark Place, P. Tuazon Corner 10th Avenues, Cubao Quezon City

DIVISORIA MALL

Stall 3M-16 ATM 1 Divisoria Mall Tondo, Manila

DLTB-PASAY

2085 Taft Corner Sen. Gil Puyat Avenues San Isidro, Pasay City

EL CANO

SHC Tower, 613 El Cano Street San Nicolas, Manila

EMILIO AGUINALDO COLLEGE

Emilio Aguinaldo College-Dentistry Gen. Luna Street Corner Taft Avenue, Manila

EURONET-HOWZAT CAFÉ

8471 Kalayaan Avenue Corner Fermina Street, Poblacion Makati City

EURONET-L.A. CAFÉ

1429 M. H. Del Pilar Street, Ermita Manila

F1 BGC

G/F F1 Hotel Building 32nd Street Corner Lane A Bonifacio Global City, Taguig City

GREENHILLS

Quadstar Building, Ortigas Avenue Greenhills, San Juan City

H. V. DELA COSTA

G/F GF & Partners Building 139 H. V. Dela Costa Street Makati City

INOZA TOWER

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

J. P. RIZAL

G/F Santini Corporation Building 519 J. P. Rizal Avenue, Barangay Olympia, Makati City

LEGASPI VILLAGE

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

M. DE SANTOS

G/F LCCK Building, M. De Santos Corner Tabora Streets, Divisoria Manila

MAKATI BANKING CENTER 1

G/F PBCOM Tower, 6795 Ayala Avenue Corner V, A. Rufino Street Makati City

MAKATI BANKING CENTER 2

G/F PBCOM Tower, 6795 Ayala Avenue Corner V. A. Rufino Street Makati City

MAKATI BANKING CENTER 3

G/F PBCOM Tower, 6795 Ayala Avenue Corner V. A. Rufino Street Makati City

MAKATI BANKING CENTER 4

G/F PBCOM Tower, 6795 Ayala Avenue Corner V. A. Rufino Street Makati City

MAKATI PLACE

G/F Unit C-15 Alphaland, Makati Place, Ayala Avenue Corner Malugay Street, Makati City

MALABON

Building L, 34 Governor Pascual Avenue, Acacia, Malabon City

MANILA NORTH PORT HARBOR

Pier 6 Road 10 Tondo, Manila

MARIKINA

36 J. P. Rizal Street, Calumpang Marikina City

MASANGKAY

1004-1006 G. Masangkay Street Binondo, Manila

MERALCO AVENUE

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

ONGPIN

726 Ongpin Corner S. Padilla Streets, Sta Cruz, Manila

PARANAQUE

Stalls 3 & 4 Kingsland Building Dr. A. Santos Avenue, Sucat Parañaque City

PASAY

2492 Taft Avenue Extension Pasay City

PIONEER

G/F RFM Corporate Center Pioneer Corner Sheridan Streets Mandaluyong City

PUREGOLD BACLARAN

Quirino Avenue, Baclaran Paranaque City

PUREGOLD HEAD OFFICE 1

Building II Tabacalera Compound 900 Romualdez Street, Paco Manila

PUREGOLD MAKATI

35 J.P. Rizal Avenue, Barangay Singkamas, Makati City

PUREGOLD PASO DE BLAS

Roayal Family Mall, Paso De Blas Road Corner East Service Road North Expressway, Malinta Valenzuela City

PUREGOLD TAGUIG

General Luna Street, Barangay Tuktukan, Taguig City

PUREGOLD VALENZUELA

419 Manila North Road MacArthur Highway Dalandanan, Valenzuela City

QUEZON AVENUE

APC Building, 1186 Quezon Avenue, Quezon City

S&R ALABANG

G/F S&R Membership Shopping West Gate Development Filinvest Corporate City, Alabang-Zapote Road, Alabang Muntinlupa City

S&R ASEANA-BACLARAN

G/F S&R Membership Shopping Bradco Avenue, Aseana Business Park, Blvd 2000, Baclaran Paranaque City

S&R COMMONWEALTH

G/F Unit 4 S&R Membership Shopping, Commonwealth Avenue Corner Quirino Highway Barangay Kaligayahan Novaliches, Quezon City

S&R CONGRESSIONAL

G/F S&R Membership Shopping 30 Congressional Avenue, Ramon Magsaysay, Bago Bantay, Quezon City

S&R LIBIS

3/F S&R Membership Shopping E. Rodriguez Avenue, C-5 Bagumbayan, Quezon City

S&R PARANAQUE

G/F S&R Membership Shopping Rodriguez Street Corner Ninoy Aquino Avenue, Barangay Sto. Nino, Sucat, Paranague City

S&R SHAW

G/F S&R Membership Shopping 514 Shaw Boulevard Mandaluyong City

SAN MIGUEL AVENUE

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

SEN. GIL PUYAT BRANCH

G/F Oppen Building, 349 Sen. Gil Puyat Avenue, Makati City

SHAW BOULEVARD

146 Shaw Boulevard Corner San Roque Street, Pasig City

SHOP & RIDE

248 Gen. Luis Street, Novaliches Quezon City

SOUTHGATE MALL

3/F Alphaland Southgate Mall 2258 Chino Roces Avenue Corner EDSA, Makati City

STA. MESA

440-A G. Araneta Avenue Corner Bayani Street, Sta. Mesa Quezon City

T. ALONZO

G/F Tan Klang Building 665 T. Alonzo Street, Sta. Cruz Manila

TIMOG

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

TOWER 6789

G/F Tower 6789, Ayala Avenue Makati City

TUTUBAN

Units PL-LS07 & PL-LS08 Tutuban Center Prime Block C. M. Recto Avenue, Manila

U.N. AVENUE

G/F Unit 101-102 Don Alfonso Sycip Condominium, 1108 M. H. del Pilar Street Corner U. N. Avenue Ermita, Manila

VALENZUELA

246 McArthur Highway, Karuhatan Valenzuela City

WILSON

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

LUZON REGION

ANGELES

G/F MLT Centre Building Lot 28 Block 2 McArthur Highway Barangay Ninoy Aquino, Angeles Pampanga

BAGUIO

G/F Units 105, 106 & 106-B Baguio Holiday Villas, 10 Legarda Road Baguio City, Benguet

BALESIN ISLAND 1

Balesin Island Club, Balesin, Polilio Quezon

BALESIN ISLAND 2

Balesin Island Club, Balesin, Polilio Quezon

BALIUAG

NE Super Bodega Doña Remedios Trinidad Highway, Baliuag, Bulacan

BATANGAS

Diego Silang Street, Batangas City Batangas

CABANATUAN

G/F SAM Building Along Maharlika Highway, Cabanatuan City Nueva Ecija

CALAMBA

G/F Walter Mart Center, Real Road Barangay Real, Calamba, Laguna

CAUAYAN

Mateo-Patricia Building Along Rizal Avenue Extension, Cauayan Isabela

DAGUPAN

Balingit Building, M. H. Del Pilar Street, Dagupan City, Pangasinan

DASMARINAS

EVY Building, Molino-Paliparan Road, Salawag, Dasmarinas Cavite

IMUS

P. Nueño Corner Gaerlan Streets Imus, Cavite

JESUS OF NAZARETH 1

Jesus of Nazareth Multipurpose Cooperative Hospital, Gulod Itaas Batangas City, Batangas

JESUS OF NAZARETH 2

Healthcare Multi-Purpose Cooperative, Jesus of Nazareth Hospital 2, Gulod Itaas Batangas City, Batangas

LA UNION

G/F C. J. Arch Building, Quezon Avenue, San Fernando City La Union

LEGAZPI-ALBAY

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

LIPA

G/F ATDRMAM Laguna Corporation Building Ayala Highway, Mataas na Lupa Lipa City, Batangas

LUCENA

G/F VCII Building, Merchan Street Lucena, Quezon

MAGIC CENTERPOINT MALL

G/F Magic Mall Centerpoint Mall Zamora Street, Dagupan City Pangasinan

MAGIC WAREHOUSE

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

MALOLOS

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

MARY MEDIATRIX MEDICAL CENTER

Mary Mediatrix Medical Center Ayala Highway, Mataas na Lupa Lipa City, Batangas

MEYCAUAYAN

Mancon Building, McArthur Highway, Barrio Calvario Meycauayan, Bulacan

NAGA

G/F Rodriguez Building 956 Panganiban Corner Balintawak Streets, Naga Camarines Sur

OLONGAPO

G/F YBC Centre Mall, Rizal Avenue Extension, Olongapo City Pampanga

PUREGOLD AMPID SAN MATEO

102 Gen. Luna Avenue, Guitnang-Bayan 1, San Mateo, Rizal

PUREGOLD ANABU

Emilio Aguinaldo Highway Barangay Anabu, Imus, Cavite

PUREGOLD BACOOR

Aguinaldo Highway Highway Barangay Panapaan Bacoor, Cavite

PUREGOLD GMA

Governor's Drive, Barangay San Gabriel, GMA, Cavite

PUREGOLD LOS BANOS

National Highway, Barangay Batong Malaki, Los Banos, Laguna

PUREGOLD MONTALBAN

E. Rodriguez Highway, Barangay Rosario, Montalban, Rodriguez Rizal

PUREGOLD PACITA COMPLEX

Pacita Complex, Barangay San Vicente, San Pedro, Laguna

PUREGOLD SAN PABLO

Cosico Street, Barangay San Roque, San Pablo City, Laguna

PUREGOLD TAGAPO

Rizal Boulevard, Barangay Tagapo Sta. Rosa, Laguna

PUREGOLD TANZA

A. Soriano Highway, Daang Amaya, Tanza, Cavite

PUREGOLD TAYTAY

346 Rizal Avenue, Barangay San Juan, Taytay, Rizal

S&R CABANATUAN

G/F S&R Membership Shopping Hermogenes C. Concepcion Sr. Cabanatuan City, Nueva Ecija

S&R DAU

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

S&R IMUS

G/F S&R Membership Shopping Barangay Anabu 1-D Aguinaldo Highway, Imus, Cavite

S&R LIPA

G/F S&R Membership Shopping Governor F, Leviste Corner Jose P, Laurel Highways, Barangay Marawoy, Lipa City Batangas

S&R NUVALI

G/F S&R Membership Shopping Lot 1 Block 13 Solenad 3, Nuvali Barangay Sto. Domingo Sta. Rosa Laguna

S&R PAMPANGA

G/F S&R Membership Shopping Jose Abad Santos Avenue San Fernando, Pampanga

SAN FERNANDO

McArthur Highway Dolores San Fernando City Pampanga

SAN PABLO

65 Rizal Avenue, Poblacion San Pablo, Laguna

SAN PEDRO

Puregold San Pedro, Old National Highway Corner Magsaysay Street San Pedro, Laguna

STA. ROSA

Unit 2 Paseo 5, Phase 2, Paseo de Sta. Rosa Greenfield, Sta Rosa Laguna

VISAYAS REGION

BACOLOD

G/F Units A-E G. Sorrento Building 13 Lacson Street, Bacolod City Negros Occidental

BREDCO PORT

Bredco Port Terminals Reclamation Area, Barangay 12 Bacolod City, Negros Occidental

CEBU BUSINESS PARK

G/F Unit 1 Mercedes Benz Tower Mindanao Avenue, Cebu Business Park, Cebu City, Cebu

CEBU LAPU - LAPU

G/F Unit 11 Alpha Arcade Building M. L. Quezon Avenue, National Highway, Lapu-Lapu City, Cebu

CEBU MAGALLANES

Magallanes Near Corner Manalili Streets, Cebu City, Cebu

CEBU MANGO

General Maxillom Avenue (formerly Mango Avenue) Cebu City, Cebu

CEBU MANDAUE

National Highway Corner L. Jayme Street, Mandaue City, Cebu

EURONET-COSTABELLA HOTEL

Costabella Tropical Beach Hotel Buyong, Mactan Island, Cebu

EURONET-MAD MONKEY HOSTEL

79 Echavez Street, Lorega San Miguel, Cebu City, Cebu

EURONET-SHANGS ISLAND TOWN CENTER

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

FOODA SAVERSMART

G/F Main Entrance Fooda Saversmart, 280-A General Maxilom Avenue (formerly Mango Avenue), Cebu City, Cebu

ILOILO BRANCH

Ledesma Corner Valeria Streets Iloilo City, Iloilo

S&R CEBU

G/F S&R Membership Shopping Ouano Avenue Corner E. O. Perez Street Subangdaku, Mandaue City Cebu

S&R ILOILO

G/F S&R Membership Shopping Don Donato Pison Avenue Barangay San Rafael, Mandurriao Iloilo City, Iloilo

TAGBILARAN

G/F LTS Building, 20 Carlos P. García Avenue, Tagbilaran City Bohol

MINDANAO REGION

CAGAYAN DE ORO

Tiano Brothers Corner Hayes Streets Cagayan de Oro

DAPPMC

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

DAVAO BAJADA

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

DAVAO MONTEVERDE

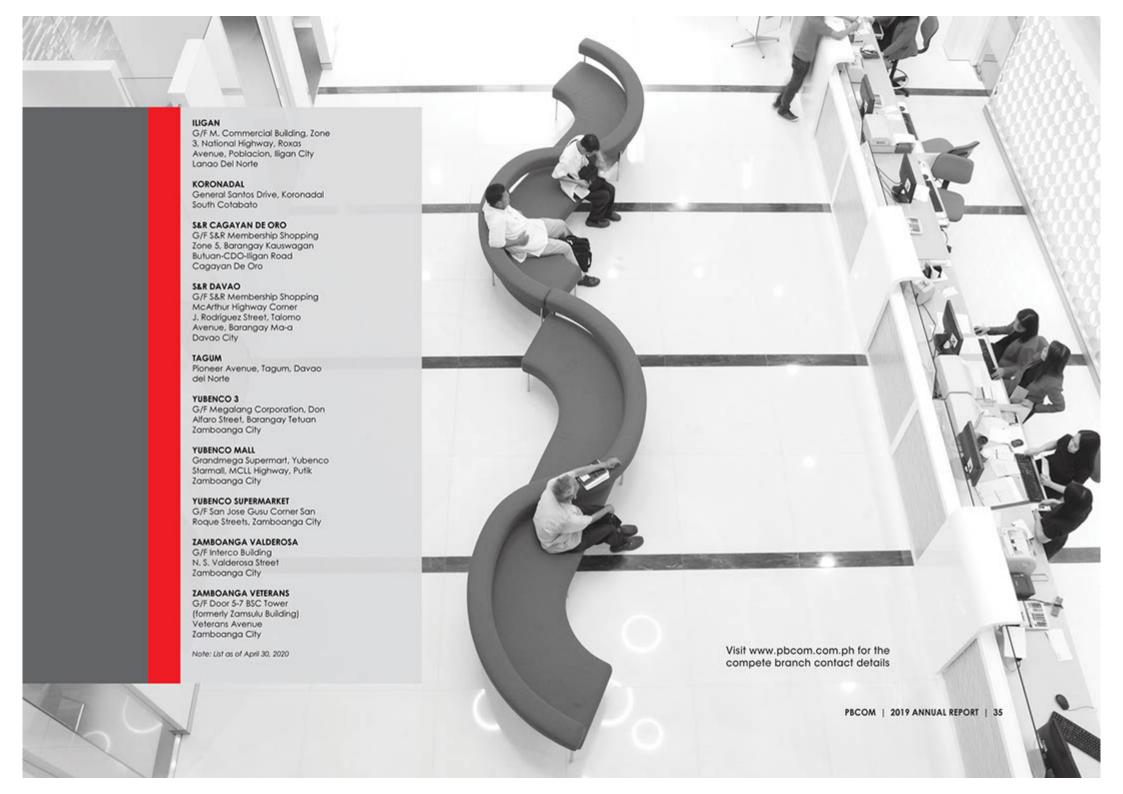
41 Monteverde Avenue Davao City

DAVAO QUIRINO

111 E. Quirino Avenue, Davao City

GENERAL SANTOS

Santiago Boulevard, General Santos City, Saranggani





SUSTAINABILITY report

2019 SUSTAINABILITY REPORT

PHILIPPINE BANK OF COMMUNICATIONS

PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino St., Makati City, Philippines

Scope: Parent Bank only

Period: January 1 to December 31, 2019 Responsible: Patricia May T. Siy, President & CEO





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"It is both an oath and a promise to our employees, our customers and our stakeholders. We have been growing together for the last 80 years, and we will continue to grow together, sustainably, in the coming years."

Our brand promise, "Together We Grow" is a short and seemingly simple statement, but in essence, encapsulates what we want our brand to stand for. It is both an oath and a promise to be everyone's partner in becoming bigger and better. This statement also encapsulates our goals. As an institution, the focus is on how the bank manages its economic, environmental and social impacts, risks and opportunities, in order to ensure sustainable operations.

The bank ensures monitoring and reporting of the following key focus greas:



ECONOMIC | This relates on how the bank directly increases the pool of economic resources that flows into the local and national economy. The bank ensures that it does not just create economic value for

itself but also that this value flows back to its stakeholders such as shareholders, suppliers, employees, government, and the community.



ENVIRONMENT | This relates on how the bank manages the natural resources it needs for its business, as well on how it minimizes its negative impacts to the environment. The bank monitors how

efficiently it uses natural resources, which has implications on reduction of environmental impacts from extraction and processing of these resources.



SOCIAL | This relates on how the bank manages its relationship with its stakeholders such as employees, clients, suppliers, communities, the public, and the government. The bank ensures that it

contributes to the overall growth of those invested in it, directly or indirectly.

The over-all sustainability reporting framework of the Bank as Publicly-Listed Company follows below structure.



Disclosures should reflect the bank's significant economic, environmental, and social impacts and should consider the reasonable expectations and interests of key stakeholders.

MATERIALITY PROCESS

The bank has applied the following process in identifying the material topics contained in this report:

ASSESSMENT & MONITORING & REPORTING PRIORITIZATION · Review of the Data collection Ranking of all Monitoring of organization's Consultation and material issues agreed metrics Mission and Vision discuss with Shortlisting of Performance Review business stakeholder priorities (1-3 reporting priorities Shortlisting of years) identified material Benchmarking Metrics with peer banks issues identification, Industry best baselining and procfice target setting Management and Board

approval



ECONOMIC

ECONOMIC PERFORMANCE

Disclosur	e (in Php '000)	Amount
Direct ecor	nomic value generated (revenue)	5,051,934
Direct ecor	nomic value distributed:	
a)	Operating costs	992,717
b)	Employee wages and benefits	978.153
c)	Payments to suppliers, other operating costs	1,023,828
d)	Dividends given to stockholders and interest payments to loan providers	
e)	Taxes given to government	640.004
ŋ	Investments to community (e.g. donations, CSR)	

CT STAKEHOLDERS AF

- Improved Return on Capital means increased lending opportunity
- Higher investment in Human Capital (learning and development)
- More local community involvement
 PBCOM as an engine of growth in nation building
- Board of Directors and Officers, Employees, Clients, Suppliers and Community
 Employees
- Employees and Community
- Board of Directors and Officers, Employees, Clients, Suppliers and Community

MANAGEMENT APPROAC

- Value focus in terms of the bank's financial standing
 Alignment of training and development with overall
- strategic direction of the Bank
 Roll out of the financial inclusion programme through branches
- More inclusive lending strategy such as the bank's Pubunan Plus (microlending) and credit extension to the SME partners of the LC Group of Companies, among others.

RISKS

- The risk of non-compliance to regulator's requirement
- The risk of not being able to protect customer's deposit and investments
- The risk of negative return to shareholders.

TAXENOIDEDS AFFEC

- Board of Directors.
 Officers and Employees
- able to protect
 and investments
 return to

 Board of Directors and
 Officers, Employees,
 Clients, Suppliers and
 Community

MANAGEMENT APPROAC

- Proactive role of the Board of Directors and Officers in Corporate Governance
- Adherence to AMLA and KYC regulations
- Prudent assessment of borrower's credit worthiness

OPPORTUNITIES

- Financial inclusion
- Digitalization

TAXEHOLDERS AFFECTE

 Community
 Bank, Clients and Community

MANAGEMENT APPROACH

 Financial Inclusion Program
 Execution of the Bank's Digital Strategy which includes financial and operational activities leading to reduced paper and eventually moving towards paperless

ECONOMIC



PROCUREMENT PRACTICES

PBCOM practices and promotes sustainability of Filipino jobs and businesses by acquiring goods and services from local suppliers. Our supplies and services are sourced based on the locality of each branch and head office to ensure most efficient options in delivery, cost, and manpower.

ANTI CORRUPTION

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100
Percentage of business partners to whom the organization's anti- corruption policies and procedures have been communicated to	No data
Percentage of directors and management that have received anti- corruption training	No data
Percentage of employees that have received anti-corruption training	100

Incidents of Corruption

Disclosure	Quantity
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	N/A

The Bank's Code of Ethics provides for the standard of behavior for all employees. The Code of Conduct sanctions violation of all Philippine laws including anti-bribery and anti-corruption by all employees.

ENVIRONMENT

RESOURCE MANAGEMENT

Despite its small footprint, PBCOM is committed to reduce energy consumption from its day-to-day operations.

A scheduled preventive maintenance of all equipment such as air-conditioning units, generator sets, computers and peripherals, is done to ensure that these are running at an optimum and in turn do not waste any energy.

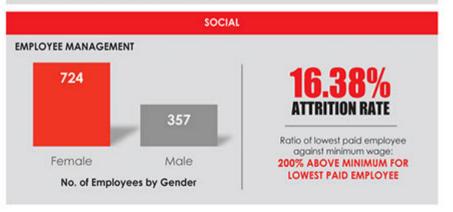
The majority of use of equipment is limited only to banking and office hours and electrical consumption is significantly decreased before or after official hours.



But on a grander scale and in looking ahead, the Bank through PBCOM Tower, has partnered with Philippine DCS Development Corporation (PDDC) in a 10-year agreement to provide energy efficiency and savings to the building beginning 2021. PBCOM Tower is expected to reduce its power consumption by about 4,103 MWh per year, which is equivalent to 2,429 eq. tons of CO2 emissions.

ENVIRONMENTAL COMPLIANCE

PBCOM is an environmentally-compliant bank with no history of sanctions or citations due to non-compliance. It has proven to have a clean track record with regard to the Philippines' environmental laws and regulations.



EMPLOYEE BENEFITS

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
sss	Y	Loan - 17.5% Sickness Benefit – 1%	Loan - 10.4% Sickness Benefit - 0.8%
PhilHealth	Y	Data not available	Data not available
Pag-IBIG	Y	8.9%	7.6%
Parental leaves	Y	5.0%	0.6%
Vacation leaves	Y	100%	100%
Sick leaves	Y	89.5%	82.1%
Medical benefits (aside from PhilHealth))	Y	100%	100%
Housing assistance (aside from Pag-IBIG)	Y	0.0%	0.289
Retirement fund (aside from \$\$\$)	Y	9.0%	99
Provident fund*	Y	11.3%	9.23
Further education support	Y	2.49%	2.529
Company stock options	N	n/a	n/c
Telecommuting	N	n/a	n/o
Flexible-working hours	N	n/a	n/c
(Others)	Y		
Uniform allowance		100%	1009
Rice allowance		100%	1009
Bereavement		1.4%	0.39
Appliance loan		1.80%	6.169
Carloan		0.00%	0.569
Emergency loan		0.55%	1.969
Salary Ioan		7.46%	42.02

^{*}Grandfathered effective January 1, 2014.

All employee benefits follow the labor standards if not exceeding them, particularly in the compensation area. Hence, there is no employee of the Bank that is paid below the government-mandated minimum wage rate.

EMPLOYEE TRAINING AND DEVELOPMENT



The Bank has a comprehensive training program for all its employees ranging from the technical to soft skills. More importantly, mandatory regulatory trainings are given priority.

SOCIAL

LABOR-MANAGEMENT RELATIONS

Disclosure	Quantity
% of employees covered with Collective Bargaining Agreements	29%
Number of consultations conducted with employees concerning employee-related policies	4

The Bank honors its commitment made in the CBA with the Union, thus maintaining industrial peace. It also conducts regular grievance meeting with the union officers to discuss issues relating to policies which affect the working conditions of the rank and file.

DIVERSITY AND EQUAL OPPORTUNITY

Disclosure	Quantity
% of female workers in the workforce	67%
% of male workers in the workforce	33%
Number of employees from indigenous communities and/or vulnerable sector*	38

"Vulnerable sector includes, elderly, perions with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

The Bank is an equal opportunity employer and recognizes, in particular, that those beyond retirement age are still productive. It looks up to them for experience and wisdom especially for the highly technical and more senior roles in the Bank







SUPPLY CHAIN MANAGEMENT

All of PBCOM's suppliers, prior to contract, go through a detailed and well-documented accreditation process. Each supplier is first identified based on its potential risk and financial impact to the Bank wherein the higher the risk or impact, the more rigorous are its requirements.

The supplier then submits identified regulatory documents and undergoes financial risk assessments, background & credit checks and references, along with plant visits. With these background checks and actual visits, PBCOM's accreditation team is able to identify and verify first-hand the actual standing and operations of its suppliers; how they comply with both labor and environmental regulations.

RELATIONSHIP WITH COMMUNITY

Significant Impact on Local Communities

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

PBCOM Board of Directors, Senior Management Team and the rest of the employees have been supporting the initiatives and activities of local government and non-government units which have significant impact on the environment and social welfare at the barangay and municipal levels. These activities include various fund raising projects to help victims of calamities and conflicts. protect the environment, and uplift the lives of the less fortunate.

TEAM-UP TO CLEAN-UP AND GREEN-UP.

PBCOM, in partnership with La Liga Mariguina Inc., and in coordination with City Government of Marikina and the Department of Environment and Natural Resources, NRC Office, participated in the simultaneous mass tree planting and clean up drive activity along Marikina River starting from Barangay Tumana down the stretch of Barangay Industrial Valley Complex and to other areas of Marikina City.

Led by PBCOM President & CEO, Ms. Patricia May Siv. more than 100 employees and their families joined in the planting of 80 trees and cleaning up a few kilometer stretch of the riverbank. This activity is a part of the ongoing year-long 80-year anniversary celebration, as well as the bank's sustainability endeavors.





"We fulfill our social responsibility in the communities we serve"



MUG OF JOY

Towards the end of 2019, the entire PBCOM family has united in extending a helping hand towards our brothers and sisters from Mindanao who were heavily affected by the earthquake. The "Mug of Joy" fundraising project, an employee donation drive where donors receive a PBCOM 80-year commemorative mug as token, has been met with overwhelming support. The Bank has allocated a portion of the proceeds to the community of Makilala, North Cotabato to help Luayon National High School in building Temporary Learning Shelters (TLS) for junior high school students whose classrooms have been heavily damaged by the quake.

With the help of PBCOM Mindanao team, the Bank was able to successfully coordinate the construction of the TLS and the purchase of Monobloc chairs and tables. After completion of the project, the team visited the community to officially turn-over the Temporary Learning Shelter that PBCOM has helped build.

CUSTOMER MANAGEMENT

CUSTOMER SATISFACTION

Customer

Satisfaction

Customer Care

CUSTOMER PRIVACY

PRODUCTS AND SERVICES

a total of

forty-five (45) complaints

Twenty-five were Branch Banking service-related

Twenty were Consumer Finance product related

All were addressed and resolved in a timely manner.

CLIENT INFORMATION USED FOR SECONDARY PURPOSES

No. of customers, users and account holders whose information is used for secondary purposes

campaign recipients of Customer Experience Division to measure the satisfaction of New to Bank Counter Transaction

fransaction Banking Group

6.362

Consumer Finance Group

SUSTAINABILITY IN CUSTOMER SERVICE

Sustainability is usually applied to ecological performance such as energy production, renewable resources, carbon foot print and programs that leads to not harming the environment but in PBCOM we also included it to various activities of the business including Customer Service.

Our desire is to provide an excellent customer service on a long term basis. To adapt with the changing times and customer needs it is quite challenging to maintain service at our desired level unless we make a plan that is sustainable. A plan that meets the need of our customers without compromising other aspects of the business.

Long term plan is to have a sustainable customer service performance which will create a good relationship with our internal and external customers. Our goal is to decrease customer dissatisfaction and complaints by using our customer feedback to improve on our process. products and service delivery.

In 2016, we started to install and implement standards for service delivery to have a baseline and benchmark to improve customer satisfaction, we also establish long and short term goals to improve customer satisfaction.

CUSTOMER SERVICE IMPROVEMENT PROGRAM

A customer service improvement program was launched last 2017 by facilitating Customer Service Training Programs initially for all front liners. All branch personnel were included in the training program and service delivery became part of their KPI's.

This training program was later on incorporated to the required modules/trainings that each employee should attend. Even non – external customer facing employees became part of this initiative. Standards for grooming, service delivery and inner spaces were also part of the monitoring program which was used as basis for improvement for all front liners. Service Level of Agreement for complaints resolution and feedback was also part of the standards that were implemented.

Voice of Customer was rolled out to measure customer satisfaction and the content of the VOC Program was aligned with what was facilitated in the Customer Service Training Programs. This approach gives our employees a chance to adjust, and allows possible changes in the process for better service delivery.

To build sustainability, we made short-term changes involving reasonable and measureable goals that can be clearly obtained. Once the goals were achieved this will be established as the norm then we move on further for other improvements.

EMPLOYEE BUY-IN

In PBCOM, we believe that our front liners play a very important role in making or breaking a business by merely interacting with our customers. Our mentoring culture plays a big part in honing our employees service delivery skills especially the front liners. New service directives were just not simply rolled out for our employees to adhere to and comply with, but their buy-in is very vital. In this way meeting the new standards that we installed are less likely to fail because they are not being forced to follow rather they are part of the process for service improvement.

We have accomplished their buy-in and commitment by explaining why there are changes that are taking place. It could be coming from customer request or feedback. employee suggestions and changes in function. They respond better to change when we provide an explanation.

Employees involvement on the achievement of excellent service delivery was also recognized and rewarded. A positive trade off that resulted to commendations, incentives, increase in revenue and customer base were all taken account for as a result of their service delivery. We recognized employees who stand out with awards and incentives during our Annual Service Excellence Awarding Ceremony, Appreciation awards were also given out to employees who are customer service champions in their respective groups, employees who garnered commendations and who excel in our monitoring for our Customer Service Programs.

Employee feedback is part of the sustainability plan for Customer Satisfaction. In this way, employee's insights, suggestions and concerns will be used for further improvement. When interest is shown in our employee's views there will be an increase in their willingness to perform.

Training our employees is also an important element leading to employee buy-in and sustainability, Providing training will equip them to adapt to the changes that will

come from the service delivery improvements that will be implemented. It will also demonstrate commitment of our Management to each employee that they will not be left to make things work on their own.

VOICE OF CUSTOMER

Importance of a sustainable customer service is if it impacts the customer which can lead to contribution in the business' bottom line. We deployed several customer feedback platforms to know if changes are needed and which service or products are worth improving.

Customer feedback, obtained through survey methods like SMS, email and call out are what we have right now. As part of the sustainability plan, we would also do focus group discussions, in-app feedback and one on one feedback to further get our customers' sentiments about the Bank's product and service features.

We also monitor and measure customer effort. This is equally important for the Bank to have a reference on what processes need improvement to make their banking transactions easy and convenient.

Our Net Promoter Score (NPS) results and promoters are utilized for loyalty and referral programs which also assists our CFG and BBG sales in customer retention and

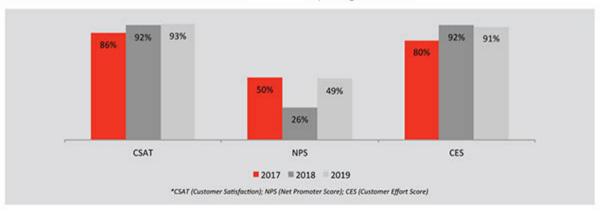
acquisition.

Complaints received are also considered as feedback and basis for improvement. We value this as well as regular feedbacks coming from our Voice of Customer (VOC) Programs.

The Bank sets a Service Level of Agreement (SLA) in complaint resolutions we initially set a target at 90% and increased it on our 2nd year of monitoring. We have been exceeding our target of 95% for the past years. Complaint types are also monitored and a target was set to decrease controllable complaints received on a year to year basis. This is one metric that we have to ensure that improvements on certain processes and service delivery are effective and successful.

COMPLAINTS HANDLING METRICS	2019	2018	2017
SLA Achievement – complaints addressed within SLA	99.76%	99.45%	94.00%

Part of the Customer Service Improvement Program will be revising KPI's (Key Performance Indicators) according to customer needs. Metrics set for complaints handling will be drilled down further to be able to assist the Bank in improving our service.



Customer feedback is needed before any service improvements, information that will result from the feedback can initially indicate areas for improvement. It can also be used as a benchmark for comparison after the improvement has been established and to check if efforts for improvement have been successful.

Customer preferences can change and we can determine the changes from their feedbacks which can then be our basis to adapt to their needs and requirements. A sustainable customer service performance is beneficial both on a short and on a long-term basis, ultimately contributing to the company's bottom line.

CUSTOMER PRIVACY

Protection of customer privacy is recognized as an essential factor for the Banks service standards. There is close coordination between our Chief Information Security Officer, Chief Information Officer, Chief Risk Officer and the Legal Team, whereby PBCOM strictly monitors privacy protection for all our customers. employees and stakeholders according to the Data Privacy Act and its Implementing Rules and Regulations. Due to the vigilant monitoring and security measures that we put in place there are no customer complaints received concerning breach or protection of personal information.

Constant collaboration with different units from the Bank is done on a regular basis to further strengthen our organizational, technical and physical security measures. We see this as essential to excellent customer service. We always put our customers at the center of all banking relationship and business decisions. This is to ensure that in PBCOM we protect any personal information that we collect, process and store.

DATA SECURITY

The Bank has strong internal processes coupled with robust security infrastructure, technical, physical and administrative controls to guard itself from Information Security (Cyber-attack) threats:



NO REPORTED DATA BREACH

including leaks, thefts and losses of data

EXISTING INTERNAL PROCESSES AND CONTROLS

Internal Activities

- Annual ISRA (Information Security Risk Assessment) exercises
- TPISA (Third Party Information Security Assessment / TPAQ (Third Party Agency Questionnaire) for 3rd parties / vendors engaged
- User Access and entitlement reviews
- Quarterly vulnerability scanning
- Daily log reviews through SIEM (Security Information and Event Management)
- Daily threat intelligence and hunting to check for any security risk and updates

- **Administrative Controls** Enterprise Information Security Policy (supported with
- other InfoSec policies) Employment Screening
- Mutual Confidentiality and Non-Disclosure Agreement/Arrangement
- Information Classification
- Data Privacy Manual
- Acceptable Use Policy
- Business Continuity, Disaster Recovery and Cyber Resiliency Plans
- Patch Management
- Cloud Framework
- Project Management Framework and SDLC (Systems Development Life Cycle) Methodology

Technical Controls

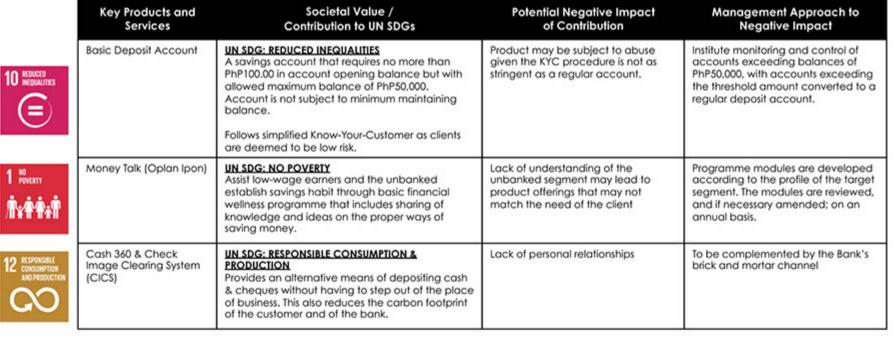
- Firewall, IPS (Intrusion Prevention Service), IDS (Intrusion Detection System)
- Multi-Factor Authentication
- Web Application Firewall
- Anti-Virus and Anti-Malware Protection
- Qualvs for vulnerability scanning
- SIEM-Splunk for continuous logging and monitoring
- Real-time monitoring
- Redundancy
- Database encryption
- Endpoint encryption through Bitlocker

Physical Controls

- · Security guards Identification badges
- · Biometric devices for secured rooms
- Surveillance camera / CCTV (Closed circuit Television)
- Stringent physical
- Colocation (eVitro and eTPI)

The Bank has a very low appetite for risks associated with the loss of confidentiality, integrity and availability arising from any cyber/malicious attacks to Bank's information and information resources. To address this risk, the Bank aims for strong internal processes coupled with the development and continuous improvement of robust technology, physical and administrative controls.







CORPORATE GOVERNANCE

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

The Board, Senior Management, and all employees conduct themselves with utmost honesty and integrity in the discharge of their duties, functions and responsibilities, thus nurturing the continuing success of the Bank and securing its competitiveness in the best interest of the Bank, its shareholders, and other stakeholders.

Bank officers promote good governance practices within the Bank by ensuring that policies on governance are consistently adopted across the organization, with measurable standards, initiatives, and specific responsibilities and accountabilities for each personnel.

Consistent with global best practice on good corporate governance, the Bank's overriding commitment to a culture of good governance is seen through the following underlying principles:

- 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.
- The Board of Directors constitute Board Committees namely: Governance Committee, Risk Oversight Committee, Audit Committee, and Related Party Transactions Committee which are all chaired and composed of majority of Independent Directors, all of whom have a good understanding of the business.
- 3. The Bank's Governance Committee, through its Nominations Sub-Committee, ensures the quality of its leadership, consistent with its "fit and proper" rule when selecting its Directors and Senior Management Team. The Performance Evaluation Sub-Committee recommends

and oversees the implementation of a Performance Management Process for Senior Management and members of the Board, reviews performance vis-a-vis agreed upon objectives, evaluates progress made with respect to Senior Management and Directors development plans, monitors changes in professional affiliations, personal status even health, which could have qualifications, resignation and succession implications.

- 4. Transparency in its Annual Reports is ensured and reflects true and fair accounting information prepared in accordance with applicable standards; discloses and discusses all material risks; and discloses and explains the rationale for all material estimates. Disclosures are all completed in a timely manner.
- 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.
- The Bank's Code of Ethics and Code of Conduct clearly states Management's philosophy and compliance standards.

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

SELECTION PROCESS OF THE BOARD AND SENIOR MANAGEMENT

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

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

 All nominations for Directors and Independent Directors shall be submitted to the Nominations Sub-Committee through any of its members or the Corporate Secretary at any time before the submission of the Definitive Information Statement to

- the Securities and Exchange Commission (SEC), allowing the Nominations Sub-Committee sufficient time to pass upon the auglifications of the nominees.
- All nominations shall be in writing duly signed by a shareholder and accepted and conformed to by the nominees, likewise in writing, indicating whether a particular nominee/s is/are intended to be an Independent Director or not. It must contain the nominee's age, educational attainment, work and/or business experience and/or affiliation.
- No individual shall be nominated as Director or Independent Director unless he meets the minimum requirements/qualifications prescribed by the regulatory agencies/offices concerned of listed banks.
- The Nominations Sub-Committee shall pre-screen the qualifications of the nominees and prepare a final list of candidates, including a summary of all relevant information about them.

The Nomination Sub-Committee of the Corporate Governance Committee shall be responsible for the appointment/selection of key members of Senior Management and heads of control functions and the Compensation & Remuneration Sub-Committee, also of the Governance Committee, for the approval of a sound remuneration and other incentives policy for personnel. In this regard, the Board through the Governance Committee shall oversee the selection of the CEO and other key personnel, including members of Senior Management and heads of control functions based on the application of fit and proper standards, Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of Senior Management shall uphold the general operating philosophy, vision and core values of the Bank.





BOARD QUALIFICATIONS

Executive and Non-Executive Directors Criteria

Director shall have the following minimum aualifications:

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

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

b. He must have attended a seminar on Corporate Governance for Board of Directors within a period of six months from date of election. A Director shall submit to the BSP a certification of compliance with the BSP prescribed syllabus on Corporate Governance for first time Directors and documentary proof of such compliance.

Independent Directors Criteria

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

- · is not or was not a Director, officer or employee of the Bank, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment:
- · is not or was not a Director, officer, or employee of the Bank's substantial shareholders and their related companies during the past three (3) years counted from the date of his election/appointment:
- is not an owner of more than two percent (2%) of the outstanding shares or a shareholder with shares of stock sufficient to elect one (1) seat in the Board of Directors of the institution, or in any of its related companies or of its majority corporate shareholders;
- · is not a close family member of any Director, officer or shareholder holding shares of stock sufficient to elect one (1) seat in the Board of Directors of the Bank or any of its related companies or of any of its substantial shareholders:
- is not acting as a nominee or representative of any director or substantial shareholder of the bank, any

- of its related companies or any of its substantial shareholders:
- is not or was not retained as professional adviser. consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;
- is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a Director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- · was not appointed in the bank, its subsidiaries, affiliates or related interest as Chairman "Emeritus". "Ex-Officio", Directors/officers or members of any advisory board, or otherwise appointed in a capacity to assist the Board of Directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;
- · is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders
- · is not employed as an executive officer of another company where any of the Bank's executives serve as Directors.

BOARD'S OVERALL RESPONSIBILITY

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

Board of Directors

The Board of Directors are composed of Executive, Non-Executive and Independent Directors. They act in the interests of the Bank to the best of their ability and judgment, consistent with their responsibilities in achieving the overall direction of the organization and protecting the interest of its shareholders.

Board of Directors' Role

- Approves and oversees the implementation of strategies to achieve corporate objectives
- Approves and oversees the implementation of Risk Governance Framework and the systems of checks and balances.
- Establishes a sound Corporate Governance Framework
- Approves the selection of the CEO and key members of Senior Management and control functions and oversee their performance.

Board of Directors' Accountabilities

- The Board of Directors shall define the Bank's corporate culture and values.
- The Board of Directors shall be responsible for approving Bank's objectives and strategies and in overseeing management's implementation thereof.
- The Board of Directors shall be responsible for the appointment/selection of key members of Senior Management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel.
- The Board of Directors shall be responsible for approving and overseeing implementation of the Bank's Corporate Governance Framework.
- The Board of Directors shall be responsible for approving Bank's Risk Governance Framework and overseeing management's implementation thereof.
- The Board of Directors may delegate some of its functions, but not its responsibilities, to board-level committees.

The Chairman of the Board

The Chairman of the Board leads the Board of Directors in achieving its mandate of setting the overall direction of the organization and representing the interests of shareholders. He provides leadership in the Board of Directors, ensures that the Board takes an informed

decision and sets the tone of good governance from the top. His accountabilities include:

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

BOARD COMMITTEES

Executive Committee

The Executive Committee is composed at least five (5) but not more than seven (7) members of the Board who shall be appointed or elected by the Board of Directors based on the recommendation of the Governance Committee. The Committee has the power to exercise functions and prerogatives of the Board of Directors during intervals between board meetings except for matters the Board has specifically reserved for itself by law or under the By-laws. A quorum at any meeting of the Executive Committee consists of a majority of all members thereof. A majority of members constituting a quorum can decide any question that may come before



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

Executive Committee's responsibilities are the following:

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



Governance Committee

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

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

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

- . Size (number of members) of the Board
- Criteria for membership (e.g. Qualifications, Stock)

Ownership, Diversity)

- Mix of management and Independent Directors
- · Prevention of conflicts of interest
- · Compensation and benefits program of managing and non-managing members of the Board and Senior Management
- Structure and charter of Board Committees
- · Rotation of Committee members and chairs
- · Performance evaluation of CEO and members of the Board Succession Planning and Development Program for Senior Management and Directors
- · Continuing education program for Board of Directors

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

Nomination Sub-Committee

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

Compensation and Remuneration Sub-Committee

This Committee overseas the implementation of the compensation and benefits program for Directors and Senior Management to attract and retain the best talents by benchmarking against other leading financial institutions.

Performance Evaluation Sub-Committee

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

Audit Committee

The Audit Committee is composed of three (3) members of the Board of Directors, two of whom are Independent Directors including the Chairman. The Chairman is not the Chairman of the Board or of any other Board Committee. The Audit Committee has a written charter, which includes its purpose, objectives, duties and responsibilities, duly approved by the Board. The Committee assists the Board of Directors in fulfilling its statutory and fiduciary

responsibilities with respect to internal controls, including financial reporting practices, information technology security, accounting policies, and auditing. The Committee oversees the internal and external audit function. The Committee shall meet once a month and a quorum at any meeting of the Audit Committee shall consist of a majority of its independent and non-executive members.

Risk Committee

The Risk Oversight Committee is composed of five (5) members of the Board of Directors, three of whom are Independent Directors who possess adequate knowledge of the Bank's risk exposures. The Chairman of the Committee is an Independent Director and not Chairman of the Board or any other Board Committee. The Committee assists the Board of Directors in the execution of its function in overseeing the Risk Management Framework, adherence to risk appetite and risk management function of the Bank. An effective Risk Management Framework is a critical component of financially sound Bank operations. It is a key element in achieving PBCOM's goals and objectives, optimizing growth and capital while minimizing losses to the Bank.

Trust Committee

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

The year 2019 marked a significant growth for Trust and Wealth Management, The Trust awareness programs of TWMG, together with the regular announcements of Investment Ideas have resulted to a growth of more than 30% in assets under management (AUM) to P7.144 Billion compared to the flattish growth for the past four years

hovering at P 5.2Billion, Trust & Wealth Management Group implemented several programs such as financial literacy, Unit Investment Trust Fund Review program, branch roadshows and Happy Investors Incentive Program emphasizing its capabilities to serve the investment needs for both high net worth clients of the bank and its retail clients. This wide range of seament gives more business opportunities to be able to offer or match the right product offering for the risk profile of investors. It complements the banking needs of personal or individual account holders who may be at different stages in their life cycle and/or investment capacity.



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

Related Party Transactions Committee

The Related Party Transactions Committee is composed of four (4) members of the Board of Directors, three of whom are Independent Directors, including the Chairman. The Committee is entirely composed of Independent Directors and Non-Executive Directors, with Independent Directors comprising the majority of the members. The Compliance Officer is the committee secretariat, while the Internal Auditor may sit as the resource person.

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

DIVIDEND POLICY

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

REMUNERATION POLICY

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

Compensation of Directors and Executive Officers

Since the Bank obtained an exemption from the SEC to disclose the required detailed compensation information. disclosure of aggregate compensation paid or accrued during the last three fiscal years 2017 to 2019 of the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows (amounts in P '000):

	2019	2018	2017
	Patricia May T. Sily President & CEO	Patricia May T. Siy President & CEO	Patricia May T. Sly President & CEO
CEO and four most highly compensated Executive officers	John Howard D. Medina Executive Vice President	John Howard D. Medina Executive Vice President	Eriberto Luis S. Elizaga Executive Vice President
	Alan E. Atienza Executive Vice President Arlene	S. Ang It Senior Vice President Alan	Manuel Andre 0. Gesect Executive Vice President Jenny
	M. Datu Senior Vice President	E. Atlenza Senior Vice President	F. Lansang Senior Vice President
	Expedito G. Garcia, Jr. Senior Vice President	Expedito G. Garcia, Jr. Senior Vice President	E. Atlenza Senior Vice President
Salary	P48,960	P46,050	P50,220
Bonus Other Annual Compensation	₱16.320	₱15,350	₱18,715
TOTAL	P65,280	P61,400	P68.935

All officers and dire-	ctors as	a Group V	nnan	ned		
Salary	P	620,420	P	551,901	P	593,389
Bonus	P	188,364	P	180,367	P	194,196
Other Annual Compensation				+		-
TOTAL	P	808.784	P	732.268	P	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	P49,860	P16,620	none	P66,480
Executive Officers All officers as a group unnamed	P641,653	P198,422	none	P 840,075

The Director's per diem and other fees amounted to P9.75 Million, P9.7 Million and P15.5 Million, 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.

ORIENTATION & TRAINING PROGRAM

The Bank provides its responsible Directors and employees with efficient, adequate and continuous education

program to enable them to fully and consistently comply with all their obligations.

We believe that continuous learning and development aids the Board in the performance of their functions and optimizes the competence of the Individual Directors. New Directors are required to attend a special seminar on Corporate Governance for Board of Directors conducted by a private or government institution recognized/accredited by the BSP. Directors Conrado Gloria and Jack Ekian Huang attended the Corporate Governance: Board Effectiveness Best Practices Seminar on November 8, 2019.

In addition, all key officers and members of the Board are required to attend, at least on an annual basis, a Corporate Governance seminar conducted by training providers duly accredited by the Securities and Exchange Commission. The Corporate Governance Seminar: Enhancing Audit Committee Effectiveness and Sustainability Reporting conducted by SGV & Co. on May 14, 2019 was attended by the Board of Directors and the Senior Management Team.

The Bank provides employees with efficient, adequate and continuous AML education program to enable them to fully and consistently comply with all their obligations under AMLA Rules.

Training requirements, however, for new hires, frontliners, compliance office staff, Senior Management and Directors and other key Head Office staff are customized/tailored fit according to their knowledge and competency needs of their respective positions.

Regulatory roadshows are conducted annually for different branch personnel nationwide and selected head office units. In 2019, these regulatory roadshows were attended by 701 attendees (out of 735 target participants) between the period of March 30 to July 27.

RETIREMENT AND SUCCESSION PROGRAM

Retirement Policy - Directors:

The Board recognizes the best interests of the Bank are served by continuing qualification for Director and age is not the main factor in determining the effectiveness of the Director in fulfilling his duties and responsibilities. Their wisdom, experience, expertise, and authority are valuable assets. A Director may continue to serve, regardless of age, as long as he/she is physically and mentally fit, complies with all the qualifications and does not possess any of the disqualifications, and is able to effectively carry out his/her duties and responsibilities as provided in the Corporate Governance qualifications for a Director.

However, an Independent Director may only serve for a maximum cumulative term of nine [9] years. After which, the Independent Director should be perpetually barred from re-election as such, but may continue to qualify for nomination and election as a regular Director. In the instance that a bank wants to retain an Independent Director who has served for nine [9] years, the Board should provide meritorious justification/s and seek shareholders' approval during the Annual Shareholders' Meeting.

Retirement Policy - Officers:

The Bank has two (2) categories of retirement, namely: voluntary and compulsory. Voluntary retirement is applied to any regular employee who has rendered at least five (5) years of continuous service. Compulsory retirement, on the other hand, shall be required of all employees who reach the age of sixty (60) years irrespective of their length of service.

Retirement pay is computed in accordance with the table below:

Length of Service

religill of service	
5 to 10 years	100%
>10 - 15years	110%
>15 - 20 years	120%
>20 - 25 years	130%
>25 - 30 years	140%
>30 years	150%

Succession Policy - Board:

To ensure continuous strategic direction of the Bank, succession or filing up any vacancies in the Board shall be made by the vote of at least majority of the remaining directors. The Governance Committee shall evaluate the candidate based on his/her qualifications.

Succession Policy - Officers and Management:

The Bank recognizes the importance of leadership continuity in the organization and the need to immediately fill open critical positions arising from attrition and other modes of separation. Hence, consultants are engaged to hold key management posts to perform full-time regular banking functions. In the succession policy, heads are required to identify at least one (1) successor to key management positions in the units under their supervision.

PERFORMANCE ASSESSMENT PROGRAM

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

POLICIES & PROCEDURES ON RELATED PARTY TRANSACTIONS affecting the Bank.

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

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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

RPTs shall be disclosed, reviewed and approved in accordance with the Bank's policy consistent with the principles of transparency and fairness and in accordance with applicable law, rules and regulations. The policy

requires that any transaction with related parties is made on terms equivalent to those that prevail in an arm's length transaction.

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

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

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

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

Related Party Transactions Material

Materiality Threshold: Ten percent (10%) of the Bank's total assets based on latest audited financial statement. Total asset pertains to total consolidated assets.

Transactions		Threshold	
Credit Exposures / Accommodations / Borrowings	Corporate: Secured Partially Secured / Clean Consumer: Home Loan Auto/Personal Loan	PHP 80 M PHP 50 M PHP 15 M PHP 2.5 M	
Others/Non-Credit Exposures	PHP 30M		
Trust	Follow the same materiality threshold of with the Bank Proper		

In 2019, the Board upon endorsement of the ExCom and review/vetting of the RPT Committee approved the 1) Trust funder loan of Alphaland & LLCo amounting to Php5.653B: and 21 Credit line of Rotterham Devt -Php20.8M, BestBrand Distribution Inc. - Php27M, Stateland Properties Corp - Php1.510B, QC Styropackaging Corp -Php60M and Multiplast Corp - Php80M.

SELF-ASSESSMENT FUNCTION

Audit Function

The Internal Audit Group represents the permanent internal audit function of PBCOM. It reports functionally to the Board's Audit Committee, Internal Audit's coverage and service extends to all business and operating units of the Bank as well as to its subsidiaries and affiliates.

The Internal Audit Group supports the Board of Directors and Management in the effective discharge of their responsibilities pertaining to internal control. It has the authority to audit all parts of the Bank and shall have full and complete access to any of the organization's records, files, data, physical properties, and personnel relevant to the performance of an audit. It primarily follows the International Professional Practices Framework of the Institute of Internal Auditors in the conduct of its internal auditing functions

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

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

Compliance Function

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

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

a. Advising the Board of Directors and Senior Management on relevant laws, rules and standards, including keeping them informed on developments in the

b. Apprising Bank personnel on compliance issues, and acting as a contact point within the Bank for compliance queries from Bank personnel;

c. Establishing written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines:

d. Identifying, documenting and assessing the compliance risks associated with the Bank's business activities, including new products and business units;

e. Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;

f. Monitoring and testing compliance by performing sufficient and representative compliance testing;

g. Maintaining a constructive working relationship with the BSP and other regulators.

COMMITTEE ATTENDANCE

BOARD OF DIRECTORS	ATTENDANCE
Eric O. Recto, Chairman	12/13
Leonardo B. Dayao, Vice-Chairman	12/13
Lucio L. Co, Director & Executive Committee Chairman	13/13
Patricia May T. Siy, President & CEO	13/13
Carmen G. Huang, Executive Director *+	9/10
Bunsit Carlos P. Chung, Director	13/13
Susan P. Co. Director	13/13
Levi B. Labra, Director	11/13
Ralph C. Nubla, Jr., Director	11/13
Gregorio T. Yu. Director	11/13
Jack Ekian T. Huang, Director **	7/7
David L. Balangue, Independent Director ***	0/2
Jesus S. Jalandoni, Independent Director	9/13
Roberto Z. Lorayes, Independent Director ****	5/5
Emmanuel Y. Mendoza, Independent Director	11/13
Gilda E. Pico, Independent Director	13/13
Conrado A. Gloria, Jr., Independent Director **	7/7
Bienvenido E. Laguesma, Independent Director *****	2/2

	ober		

[&]quot; Elected as an independent Director and Director on June 4, 2019.

^{*****} Elected as an Independent Director on October 30, 2019.

EXECUTIVE COMMITTEE	ATTENDANCE
Lucio L. Co, Chairman	41/49
Eric O. Recto	35/49
Leonardo B. Dayao	40/49
Patricia May T. Siy	48/49
Bunsit Carlos G. Chung	46/49
Carmen G. Huang+	33/39
Ralph C. Nubla, Jr.	38/49

[.] October 13, 2019

RISK OVERSIGHT COMMITTEE	ATTENDANCE
David L. Balangue *	1/1
Rolando Z. Lorayes **	5/5
Conrado A. Gloria, Jr., Chairman ***	7/7
Jesus S. Jalandoni, Jr	10/12
Patricia May T. Siy	11/12
Levi B. Labra	6/12
Bienvenido E. Laguesma ****	2/2

^{*} Resigned February 27, 2019

GOVERNANCE COMMITTEE	ATTENDANCE
Gilda E. Pico, Chairman	11/11
Eric O. Recto	6/11
Leonardo B. Dayao	10/11
David L. Balangue*	1/2
Roberto Z. Lorayes**	5/5
Jack Ekian T. Huang ***	3/5
Conrado A. Gioria, Jr ****	7/7
Bienvenido E. Laguesma *****	2/2

^{*}Resigned February 27, 2019

^{****} Member effective June 4, 2019 ***** Member effective October 30, 2019

AUDIT COMMITTEE	ATTENDANCE
Emmanuel Y. Mendoza, Chairman	13/13
Gilda E. Pico	13/13
Louis Lohen	11/19

TRUST COMMITTEE	ATTENDANCE
Eric O. Recto, Chairman	5/5
Patricia May T. Siy	4/5
Roberto Z. Lorayes *	1/2
Jesus S. Jalandoni, Jr.	4/5
Leonardo B. Dayao **	1/1
Jack Ekian T. Huang ***	0/1
Josephine G. Cervero	5/5

^{*} Refred June 4, 2019.

RELATED PARTY TRANSACTIONS COMMITTEE	ATTENDANCE		
Jesus S. Jalandoni, Chairman	5/5		
Levi B Lobro	216		

Jesus S. Jaianaoni, Chairman	0/0
Levi B. Labra	2/5
Gilda E. Pico	5/5
Roberto Z. Lorayes*	2/2
Conrado A. Gloria, Jr**	3/3

^{*}Refrect June 4, 2019.

^{***} Resigned on February 27, 2019.

^{**} Refred June 4, 2019 *** New ROC Chairmon June 4, 2019

^{****} Member effective October 30, 2019

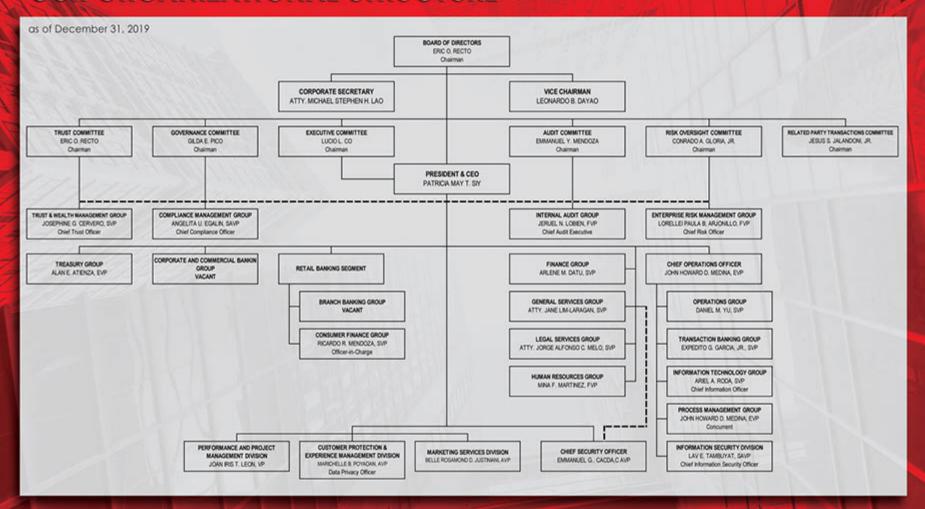
[&]quot;Refred June 4, 2019

^{***}Member from June 4 to October 29, 2019

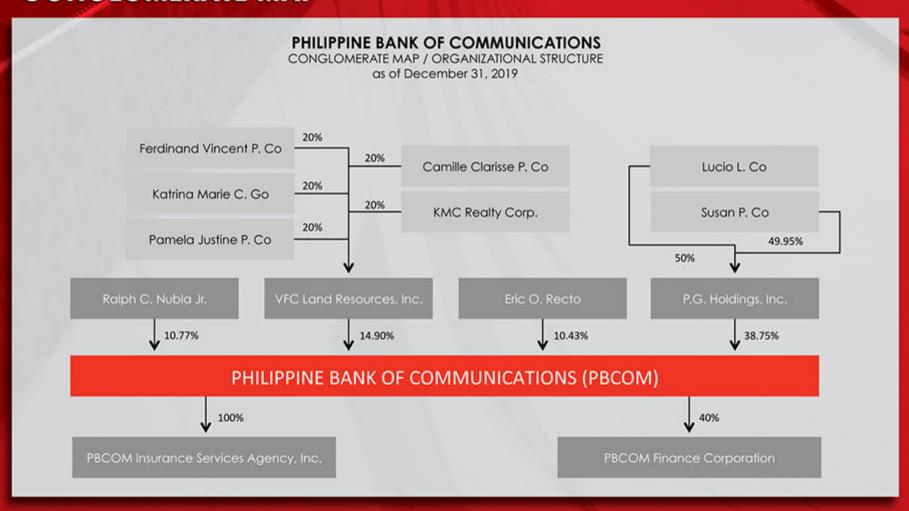
[&]quot;Members effective September 25, 2019 and resigned on October 30, 2019.

^{**} Member effective June 4, 2019

OUR ORGANIZATIONAL STRUCTURE



CONGLOMERATE MAP



TOP TWENTY (20) SHAREHOLDERS

as of December 31, 2019

		CITIZENSHIP	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: Filipino - 46,159,724 Non-Filipino - 1,924,339		48,084,063	10.00%
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.	BVI	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%

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



ENTERPRISE RISK MANAGEMENT FRAMEWORK

OVERALL RISK MANAGEMENT CULTURE AND PHILOSOPHY

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

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

ERM VISION, MISSION, PHILOSOPHY, AND OBJECTIVES

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

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

Philosophy. PBCOM recognizes that Enterprise Risk Management is fundamental for its safe and sound operation and sustainable growth. It ensures business success through balanced risk and reward, operational excellence, and conformance to the highest ethical standards and regulatory requirements. Enterprise Risk Management in PBCOM is aligned to its business objectives and strategies. It operates at all levels and in all units of PBCOM that continually manage risk in an

environment fostered by an appropriate governance structure, a strong "control culture", and a proactive process of identification, understanding, assessment, and mitigation of all its material risks.

Objectives

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

RISK POLICIES AND FRAMEWORKS

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

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

RISK APPETITE STATEMENT AND ARTICULATION FRAMEWORK

PBCOM recognizes that having an appropriate level and quality of capital is necessary for the achievement of its business objectives. The Bank regards capital as the primary defense against any potential losses that may arise from various risks, including pandemic risk, during its operations over its strategy for profitability and balance sheet growth. Hence, it is the Bank's view that it should hold capital not merely to meet minimum regulatory

requirements, but should maintain capital adequate to cover other material risks that the Bank is exposed to.

The Board of Directors in its meeting in April 2020 reviewed and approved the 2020 risk appetite as endorsed by the ICAAP Steering Committee and Risk Oversight Committee:

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

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

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

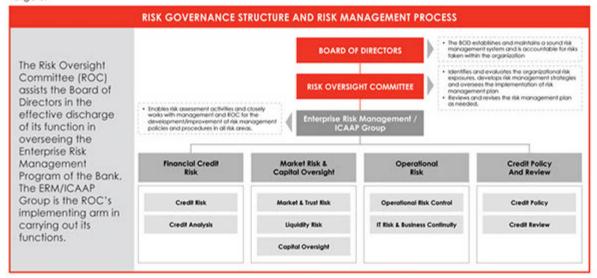
Any level below the Board-approved RBCAR appetite shall serve as trigger for Management and the Board to commence the capital planning process. If the Bank's RBCAR falls below the Board-approved appetite level, Management shall evaluate and re-assess the scenario to identify whether this can be attributed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

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



The Management courses of action in the event of exceptions to the risk appetite levels shall likewise be subject for approval of the Board. Monitoring of the RBCAR levels against regulatory requirements and the Bank's targets is performed by ERMG based on RBCAR reports provided by Finance Group. Monitoring results are provided to the Asset and Liability Committee (ALCO), the Risk Oversight Committee (ROC), and the Board at least on a monthly basis. For 2019, the Bank is compliant with prescribed regulatory ratios and Board-approved appetite.

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



HIERARCHY OF RISK ACCOUNTABILITY

FIRST LINE: Self-Assessment & Control - All Personnel: · Identify, mitigate, and manage risks LINE MANAGEMENT · Comply with policies, standards, and regulations . Ensure day-to-day control procedures are in place · Undertake tests to ensure controls are followed SECOND LINE: Sets and Monitors Standards: · Establish risk management framework, standards, and policies ENTERPRISE RISK MANAGEMENT/ICAAP GROUP/ · Validate risk ratings COMPLIANCE MANAGEMENT GROUP · Challenge control levels and action plans THIRD LINE: Independent Assurance Review - Internal Auditors Independent assurance review INTERNAL AUDIT GROUP · Audit the adequacy of risk assessment and the risk management process

ENTERPRISE RISK MANAGEMENT PROCESS

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

ANTI-MONEY LAUNDERING (AML) GOVERNANCE AND CULTURE

In consonance to the policy of the State:

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

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

- PBCOM shall ensure that business is conducted in conformity with high ethical standard in order to protect the safety and soundness as well as the integrity of the national and financial system.
- To ensure that PBCOM's reputation is not compromised, it is the Bank's guiding principles that our employees will

not aid or abet money laundering and terrorist financing activities and will protect the integrity and confidentiality of bank accounts.

- PBCOM shall not allow the opening of anonymous accounts, accounts under fictitious names, and all other similar accounts.
- PBCOM shall extend full cooperation with the Anti-Money Laundering Council (AMLC) Secretariat, the Philippine's Financial Intelligence Unit.
- PBCOM shall not allow itself to be used as an intermediary for the deposit, investment, or transfer of money derived from unlawful activities.
- Officers and employees especially frontliners are expected to be conversant with the Anti-Money Laundering and Terrorist Financing rules to provide information and guidance to existing and prospective clients, as part of the Bank's Anti-Money Laundering and Terrorist Financing educational campaign.
- PBCOM shall cooperate fully with the Anti Money Laundering Council (AMLC) and the BSP within limits allowed by law.

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

CAPITAL MANAGEMENT

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

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

The Bank's Board of Directors is ultimately responsible for ensuring that the Bank maintains an appropriate level and quality of capital commensurate not just with the risks covered by BSP's Risk-Based Capital Adequacy Framework, but also with all other material risks to which it

is exposed. Hence, the Bank has in place an Internal Capital Adequacy Assessment Process (ICAAP) that takes into account all of these risks. For this purpose, the Bank constituted an ICAAP Steering Committee (ISC), a management level committee to assist the Board of Directors in accomplishing this objective. Furthermore, the Capital Management Processes contain the following features:

- · Board and Senior Management Oversight
- Sound Capital Assessment
- Risk Assessment
- · Monitoring and Reporting
- · Internal Control



CAPITAL STRUCTURE AND ADEQUACY REPORTING

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

Note 24 of the attached 2019 Audited Financial Statement contains in greater detail the quality of comprehensive explanations of how ratios involving components of regulatory capital are calculated.

The Bank's RBCAR as reported to BSP as of December 31, 2019 and 2018 are shown in the table below (amounts in millions)

Consolidated		Pore	Parent	
2019*	2018	2019	2018	
11,092	9,494	11,092	9.097	
14,278	14,278	14,278	14,278	
(2.527)	(3.755)	(2.527)	(3.672)	
102	(69)	102	(69)	
- 1		- 2		
	1231		1022	
	3.5		(1)	
			(1,012)	
			(13)	
(667)			(312)	
	(256)		(102)	
(74)	1.4.11	(74)		
2000		100000000000000000000000000000000000000	2,104	
1,625	1,625	1,625	1,611	
630	540	630	495	
13,347	11,659	13,347	11,203	
11,092	9,494	11,092	9,097	
11,092	9,494	11,092	9,097	
		200		
2,255	2,165	2,255	2,106	
81.047	80.093	81.047	77.266	
137777			70.603	
100000			384	
6,830	6.861	6.830	6.279	
10102	100000			
11,000			11.77%	
			11.77%	
		1000000	14.50%	
7.49%	5.65%	7.47%	5.77%	
	2019* 11.092 14.278 (2.527) 102	2019* 2018 11.092 9.494 14.278 14.278 (2.527) (3.755) 102 (69) - (1) (6) (12) (14) (13) (667) (678) - (256) (74) - (256) 13.347 11.657 11.092 9.494 11.092 9.494 2.255 2.165 81.047 80.093 72.951 72.848 1.266 304 6.830 6.861 13.49% 11.85% 13.49% 11.85% 13.49% 11.85% 13.49% 11.85%	2019* 2018 2019	

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

	Consoli	dated	Pare	et
RECONCILIATION OF REPORTED CAPITAL RESOURCES	2019*	2018	2019	2018
PFRS Capital	11,355	10.320	11,355	10.329
Deposit for Stock Subscription Differences in Accounting Principles Recycled to P&L & Retained as		100	4	
Earnings	174	49	174	131
Differences in Comprehensive Income (Loss) on Debt Securifies Differences in Comprehensive Income (Loss) on FX Forwards Used as Hedge	- 3			
Differences in Additional Paid-in Capital	0		- 0	- 0
Differences in Comprehensive Income (Loss) on Equity Securities	4	(12)	4	(12)
Differences in Approisal Increment Reserves	1,625	1,625	1,625	1,611
Differences in Cumulative Translation Adjustment	242	175	242	175
Actuarial loss on Post-Retirement Benefits (PAS 19R)	78	(87)	78	(84)
Differences in Minority interest		· V		-
RAP Capital Unsecured Loans and Other Accommodations Granted to Subsidiaries and	13,478	12,079	13,478	12,148
Affiliate		(1)		(1)
General Loan Loss Provision	630	540	630	495
Investment in Subsidiaries and Affiliate	(20)	(25)	(20)	(1.025)
Intangible Assets and Goodwill	(667)	(934)	(667)	(414)
Defined Benefit Pension Fund Assets (Liabilities)	(74)		(74)	
Qualified Capital for Minimum Adequacy Compliance Under Basel III	13,347	11,659	13,347	11,203

^{*} consolidated same as parent

CAPITAL REQUIREMENTS BY QUALITY AND BY CLASS OF RISK

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

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

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

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

CAPITAL CONSERVATION BUFFER

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

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

PBCOM carries sufficient capital resources to cover the required buffer. Therefore, the Bank enjoys unrestricted transfer of capital while remaining above compliance.

RISK EXPOSURES AND ASSESSMENTS

CREDIT RISK

Note 5 "Financial Risk Management Objectives and Policies" of the attached 2019 Audited Financial Statement contains in greater detail the quality of comprehensive explanations of how ratios involving

December 31, 2019	Credi	t Risk	Marke	rt Risk	Operational Risk		
	Group*	Parent	Group*	Parent	Group*	Parent	
On-Balance Sheet	71,421	71,421					
Off-Balance Sheet Commitments to Lend	1,518	1,518					
Counterparty Risk-Weighted Assets in the Banking Book	12	12					
Counterparty Risk-Weighted Assets in the Trading Book							
Interest Rate Risk on the Trading Books			767	767			
Foreign Exchange Risk			499	499			
Basic Indicator Approach					6.830	6.830	
Total	72,951	72,951	1,266	1,266	6,830	6,830	
Capital Requirements	7,295	7,295	127	127	683	683	

* cons	solidate	nd sa	me a	s pa	rent

December 31, 2018	Credi	it Risk	Marke	et Risk	Operatio	onal Risk
	Group	Parent	Group	Parent	Group	Parent
On-Balance Sheet	70,627	68,383				
Off-Balance Sheet Commitments to Lend	787	787				
Counterparty Risk-Weighted Assets in the Banking Book	1,434	1,434				
Counterparty Risk-Weighted Assets in the Trading Book						
Interest Rate Risk on the Trading Books			325	325		
Foreign Exchange Risk			59	59		
Basic Indicator Approach					6.861	6.279
Total	72,848	70,603	384	384	6,861	6,279
Capital Requirements	7,285	7,060	38	38	686	628
						$\overline{}$

components of regulatory capital are calculated.

CREDIT RISK MANAGEMENT PROCESS

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

The Financial Credit Risk Management Division and the Credit Policy and Review Division under the Enterprise Risk Management Group (ERMG) are responsible for overseeing the Bank's Credit Risk, achieved through various functions embedded within the group. The Bank, in recognition of the importance of identifying and rating Credit Risk as the initial step towards its effective

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

COLLATERAL AND OTHER CREDIT ENHANCEMENTS

Exposure to Credit Risk is also managed in part by obtaining collateral and suretyship/guarantees. The amount and type of security required depends on the assessment of the Credit Risk of the counterparty. In order to minimize credit loss, additional security is sought from the borrower when impairment indicators are observed. The Bank implements guidelines on the acceptability and valuation parameters of specific classes of collateral for credit risk mitigation. The main types of collateral obtained are as follows:

- · For securities lending and reverse repurchase transactions: cash or securities:
- For commercial lending: mortgages over real estate properties, machineries, inventory and trade receivables; and
- · For retail lending: mortgages over residential properties and vehicles.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Credit Risk Management function also involves the identification of inherent risks related to transactions or processes executed with respect to all lending-related activities. In line with this function, the Risk Control Self-Assessment (RCSA) serves as the primary operational risk tool in identifying, assessing, and monitoring the risk profile of the Bank's business units (e.g. lending and support groups).

INTERNAL CREDIT RISK RATING SYSTEMS (ICRRS)

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

MINIMUM CAPITAL REQUIREMENTS TO COVER CREDIT RISK EXPOSURES

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

				onsolidate							Parent			
December 31, 2019			- 1	tisk weigh	4					(1)	Risk weigh			
	0%	20%	50%	75%	100%	150%	Total	0%	20%	50%	75%	100%	150%	Total
On-Balance Sheet														
Cash and Other Clearing Items	1,771	0.9					1,771	1,771						1,771
Due from Bangko Sentral ng Plipinas	10,214						10,214	10.214						10,214
Due from Banks		25	841		210		1,076		25	841		210		1,076
Securities Portfolio (Excluding Trading Books Positions)	15.523		3.673		3.841		23.037	15.523		3.673		3.841		23,037
Loan Portfolio (Net of Specific Provisions for Loss)	965		2.250	4.0	55,530	1,011	59,754	965		2.250	0	55.530	1,011,07	59,754
Sales Contracts Receivable					32	61	93					32	61.24	93
Real & Other Properties Acquired						519	519						519.28	519
Other Assets					6,034		4,034					6.034		6,034
Off-Balance Sheef Commitments to Lend	9.642	886			1,341		11,868	9.642	886			1.341		11,868
Counterparty Risk-Weighted assets in the Banking book					12		12					12		12
Counterparty Risk-Weighted assets in the Trading book														
Total Credit exposure	38,114	910	6,764		66,999	1,592	114,379	38,114	910	6,764		66,999	1,592	114,379
Total Risk-Weighted On-Balance Sheet assets		5	3.382		65,647	2.387	71.421		5	3.382		65.647	2.387	71,421
Total Risk-Weighted Off-Balance Sheet assets	2.0	177			1.341		1,518		177	-		1,341	1-12	1,514
Total Counterparty Risk-Weighted assets in the Banking book		-			12		12	-	1			12		12
Total Counterparty Risk-Weighted assets in the Trading book		4			19.00									
Total Credit Risk-Weighted Assets	-	182	3.382		44,999	2,387	72,951	-	182	3,382		66,999	2,387	72,951

* consolidated some as power?														
			c	onsolidate	d						Parent			
December 31, 2018	Risk weight					Risk weight								
	0%	20%	50%	75%	100%	150%	Total	0%	20%	50%	75%	100%	150%	Total
On-Balance Sheet	150000		1901	ARA	10.000	2477	2000	- 1000	C-18.	6440%	101	2009	9440	
Cash and Other Clearing Items	1,367	7					1,374	1,342	100					1,34
Due from Bangko Sentral ng Plipinas	15.224						15,224	15,168						15,16
Due from Banks		54	234		283		571		54	234		111		31
Securities Portfolio (Excluding Trading Books Positions)	13,745		4,759		3,981		22,485	13,745		4,759		3,981		22,48
Loan Portfolio (Net of Specific Provisions for Loss)	936.78	13	2.039	52	53,795	916	57,753	888	13	2.039	100	52,133	851	55,92
Sales Contracts Receivable					136	35	171					88	35	13
Real & Other Properties Acquired						637	637						569	54
Other Assets					6,480		6,480					6.358		6,35
Off-Balance Sheet Commitments to Lend	6.784	1,348			517		8,647	6.784	1,348			517		8.6
Counterparty Risk-Weighted assets in the Banking book					1.434		1.434					1.434		1.4
Counterparty Risk-Weighted assets in the Trading book														
Total Credit exposure	38.057	1,422	7,032	52	66,627	1,588	114,778	37,927	1,415	7,032		64,623	1,454	112,45
Total Risk-Weighted On-Balance Sheet assets	×2	15	3,516	39	64,676	2.382	70.427	* 1	14	3,516	10.00	62,672	2,182	48.35
Total Kisk-Weighted Off-Balance Sheet assets	200	270			517		787		270			517		78
Total Counterparty Risk-Weighted assets in the Banking book	- 2			2.3	1,434		1,434			30	1000	1,434		1.4
Total Counterparty Risk-Weighted assets in the Trading book						100	e en fille Mary	- 2	17.				1000	
Total Credit Risk-Weighted Assets		284	3,516	39	66,627	2,382	72,848	- 1	283	3,516		64,623	2,182	70,60

The capital requirement under the RBCAR framework at 10% of the amount of Credit Risk Weighted Assets as of December 2019 is more than sufficient to cover the amount of internal capital requirement as assessed by the Parent Bank to cover Credit Risk.

MARKET RISK

Market Risk is the risk of loss with respect to future earnings, fair value, or future cash flows, which may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, and other market conditions. Described in this section is an overall description of the Bank's Market Risk Management System in addition to the information contained in Note 5 "Financial Risk Management Objectives and Policies" of the attached 2019 Audited Financial Statement that describes in greater detail the qualitative and quantitative information on Market Risk.

MANAGING MARKET RISK IN THE TRADING BOOK

The trading business of the Bank centers on exposures to interest rates from the portfolio of debt securities and from the currency mismatches on and off the balance sheet. Market Risk in the trading book proceeds from the potential impact of adverse movements in market conditions either eroding asset values or increasing liabilities resulting in financial losses. These principally include:

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

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

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

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

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

MARKET RISK MEASUREMENT AND REPORTING

The following are the Market Risk Measurement Tools and reports that are regularly provided by ERMG to ALCO and to the Risk Oversight Committee:

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

MINIMUM CAPITAL REQUIREMENTS TO COVER MARKET RISK

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

The Bank assessed that the market risk capital requirement under the Standardized Method is more than sufficient as compared to the capital requirement using Internal Models Approach as of December 31, 2019. The Internal Model used in the ICAAP involves subjecting the VaR to a multiplication factor corresponding to the number of back testing exceptions for the past 250 trading days in order to compute for market risk capital charge.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

This section is an abridged description of the Bank's Risk Management System for IRRBB in addition to the information contained in Note 5 "Financial Risk Management Objectives and Policies" of the attached 2019 Audited Financial Statement that describes in greater detail the qualitative and quantitative information on IRRBB.



MANAGING IRRBB

The core business of the Bank is to source funding and extend credit. Exposures in the banking book grise from mismatches in the structure of its transactions that result in assets and liabilities re-pricing at differing times.

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

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

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

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

- The Enterprise Risk Management function sets the risk framework and conducts an independent measurement of all risk exposures to ensure adherence to the limits approved by the Board.
- Financial control and operations ensure that all exposures are recognized, reported, and

- re-measured according to proper financial reporting standards.
- · Compliance ensures that both risk-taking and risk management remains consistent with the requirements of regulation.

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

IRRBB MEASUREMENT FRAMEWORK

The Bank's management of IRRBB centers on interest rate re-pricing gap reports. The Enterprise Risk Management function prepares these reports monthly, one per currency, reflecting the interest rate sensitive assets and liabilities of the Bank in each of a series of time bands that begin at one week and stretch out to non-rate sensitive. The assumptions used to position the assets and liabilities in the time band are:

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

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

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

the Bank's assets and the weighted duration of the Bank's liabilities. The resulting measure reflects how changes in interest rates will affect the value of the Bank's equity.

The Bank determined its exposures to be as follows:

	≤1 Month	1-3 Months	3-12 Months	1-2 Years	>2 Years	Total
December 31, 2019	5					
Total Assets	4,519	9,071	22,093	744	50,577	87,004
Total Liabilities	72,026	11,726	3,593	519	1,092	88,956
Asset-Liability Gap	(67,507)	(2,655)	18,499	225	49,485	(1,952
December 31, 2018 Total Assets	10.104	11,981	7,610	2,095	49,903	81,693
Total Liabilities	77,419	3,538	4,211	1,809	4,711	91,688
Asset-Liability Gap	(67,315)		3,399	286	45,192	(9,995

	≤1 Month	1-3 Months	3-12 Months	1-2 Years	>2 Years	Total
December 31, 2019		-		7	-	7-1-1-1
Total Assets	4,519	9,071	22,093	744	50,577	87,004
Total Liabilities	72,026	11,726	3,593	519	1,092	88,956
Asset-Liability Gap	(67,507)	(2,655)	18,499	225	49,485	(1,952
December 31, 2018 Total Assets	9,680	11.949	7,437	2.095	48.523	79,684
		The second second				
Total Liabilities	77,325	3,081	3,798	1,655	4,067	89,926
Asset-Liability Gap	(67,645)	8,868		440	44,456	(10,242

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

* For December 31, 2019, Parent and Consolidated have same numbers due to sale of Rural Bank

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

EARNINGS-AT-RISK AND ECONOMIC VALUE OF EQUITY

Amounts in millions;	201	9	2018		
PHP for RBU, and in USD for FCDU	RBU	FCDU	RBU	FCDU	
Earnings-at-Risk					
at +25bps	25.71	0.00	(3.09)	(0.00	
at +50bps	51.42	0.00	(6.19)	(0.01	
at +100bps	102.84	0.01	(12.37)	(0.02	
at +300bps	308.51	0.03	(37.12)	(0.06	
at +400bps	411.34	0.04	(49.49)	(0.08	
at +500bps	514.18	0.05	(61.87)	(0.10	
EVE Sensitivity					
at +25bps	(399.04)	(0.55)	(366.13)	(0.92	
at +100bps	(1,596.15)	(2.20)	(1,464.52)	(3.69	
at +300bps	(4.788.44)	(6.60)	(4,393.95)	(11.06	
at +500bps	(7.980.73)	(11,00)	(7.322.58)	(18.44	

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

LIQUIDITY RISK

This section is an abridged description of the Bank's risk management system for Liquidity Risk in addition to the information contained in Note 5 "Financial Risk Management Objectives and Policies" of the attached 2019 Audited Financial Statement that describes in greater detail the qualitative and quantitative information on liquidity risk.

MANAGING LIQUIDITY RISK

Liquidity Risk or Funding Management Risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity daily.

This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. In addition, the Bank makes use of Liquidity Gap Reports in analyzing its liquidity position where the difference between the Bank's maturing assets and liabilities is captured (the asset-liability gap position as provided in the preceding tables). A Maximum Cumulative Outflow limit is likewise established to control the liquidity gap for each currency. The ALCO meets on a weekly basis to discuss among others the liquidity state of the Bank.

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

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

LIQUIDITY RISK MEASUREMENT AND REPORTING

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

OPERATIONAL RISK

MANAGING OPERATIONAL RISK

Operational Risk refers to the risk of loss resulting from

inadequate or failed internal processes, people and systems, or from external events. It includes legal risk and people risk but excludes strategic and reputational risk. The primary tool in managing operational risk is an effective system of internal controls effected by the Board and participated by each employee of the Bank.

The Bank's Operational Risk Management Framework was updated to comply with the requirements of BSP Circular 900 re: Guidelines on Operational Risk Management. The framework, which provides for a strengthened foundation and guidance on how PBCOM should effectively manage its Operational Risks, is periodically reviewed by the Board of Directors to ensure that Operational Risk Management Policies, Processes, and Systems are implemented effectively at all decision levels.

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

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

TECHNOLOGY RISK MANAGEMENT

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

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

BUSINESS CONTINUITY MANAGEMENT

The Bank has in place a Business Continuity Management Framework that provides guidance for continuous operations in the event of any disruptions. The framework specifies proactive mechanisms designed to prevent interruptions to critical business functions and improve the Bank's resiliency. The Business Continuity Risk Management Unit under the ERMG follows a robust business continuity planning process that involves the conduct of a business impact analysis/risk assessment, periodic review and updating of business continuity plans, and the conduct of BCP test exercises and corresponding evaluation.

Crisis Management and Emergency Preparedness, Pandemic, and Cyber Resiliency Plans are in place. 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 a timely manner.

LEGAL RISK MANAGEMENT

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

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

MINIMUM CAPITAL REQUIREMENTS TO COVER OPERATIONAL RISK EXPOSURES

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

The equivalent risk weighted asset is ten times the capital

charge. The Bank uses the Basic Indicator Approach in computing Operational Risk in accordance with BSP Circular No. 538 (amounts in millions):

	2019	2018
Average Gross Income (Previous 3 Years)	P 3,643	P 3,349
Capital Charge (Average Gross Income Times 18.75% (a))	683	628
Risk Weighted Asset (Capital Charge Times 10)	P 6,830	P 6,279

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

Capital requirement under the RBCAR Framework as of December 2019 is more than sufficient to cover the amount of internal capital requirement by the Parent Bank to cover Operational Risk.

INFORMATION SECURITY, CYBERSECURITY AND PRIVACY RISKS

INFORMATION SECURITY MANAGEMENT

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

The Information Security Framework of the Bank, namely: Operating Principles (Charter), Enterprise IS Policy, and 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 the 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 employees' security awareness and maturity by way of regular updates 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. Sending out email publications also 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 SMShing, and other security related activities.

CYBERSECURITY RISK MANAGEMENT

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

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

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



DATA PRIVACY MANAGEMENT

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

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

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

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

PILLARS	
1	Appoint a Data Protection Officer
2	Conduct a Privacy Impact Assessment
3	Create a Privacy Management Program & Manual
4	Implement Privacy and Data Protection Measures
5	Regularly exercise Breach Reporting Procedures

REPUTATIONAL RISK

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

relationships or services or continue servicing existing relationships.

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

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

INTERNAL CAPITAL RISK ASSESSMENT

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

- Media Value Analysis
- · Bankwide Profile of Complaints
- Analysis of Bankwide RCSA Reputational Risk Items
- · Effect of Unfavorable Media Content
- Bankwide Service Metrics

STRATEGIC RISK

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

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

 Risk Related to Competition is the failure of the Bank to cope with competitors' strategies &

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

INTERNAL CAPITAL RISK ASSESSMENT

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

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







CONSUMER PROTECTION

PBCOM is dedicated to providing our customers with excellent customer experience. With responsiveness as one of the organization's core values, we take pride in the level of service that our employees provide to both our internal and external customers. We make sure that the voice of our customer is heard through the various programs and plans that we implement, which in turn, helps us understand the ever changing needs and demands of the times.

PBCOM provides "an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders". We are committed to protecting the interest of our financial customers, ensuring that they are secure during their entire relationship with the Bank.

We continue to adhere to the provisions of BSP Circular 1048 on Consumer Protection and have been consistent in complying with its requirements.

We have established a Customer Assistance Office which is dedicated to assist customers with their concerns.

The Customer Protection and Experience Management Team ensure that the Bank is compliant with the standards of conduct and regulations in protecting not only the customer but their data and personal information. The Bank also assesses the likelihood of our customers as well. The team is constantly working on reviewing and improving the Bank's programs for financial education, fair treatment, customer handling, data protection and risk management.

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

The Senior Management team is responsible for the implementation of the consumer and data protection policies approved by the Board. They also manage the day to day consumer and data protection activities of

the Bank. Everyone in PBCOM acknowledges and recognizes the importance of protecting our customer and has a common objective; to deliver an excellent customer experience.

CUSTOMER SATISFACTION

In order to fully recognize our customers' needs in terms of service, it is vital to listen and understand our customer feedback. With this in mind, the bank has established a full "Voice of Customer" (VOC) program, Currently, customer feedback is obtained through different survey methods like SMS messages, emails, and phone surveys. As part of the sustainability plan, we are also poised to do focus group discussions, in-app feedback solicitation, and one-on-one correspondence to further get our customers' sentiments.

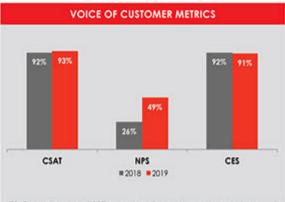
With the primary aim of improving the overall customer experience, PBCOM monitors and measures three important metrics, namely, Customer Satisfaction Score (CSAT), Net Promoter Score (NPS), and Customer Effort Score (CES).

CSAT focuses on customers' service satisfaction particularly from the branch, which comprises a majority of the interaction of external stakeholders with the Bank. We have also deployed other platforms for the different business units.

promoting and becoming advocates of the bank through the NPS survey.

Equally important for us is to know how much effort our customers put in doing their banking transactions though the CES survey. Our aim is to make it as easy and convenient for them.

The results of these feedback mechanisms are presented to the Senior Management and are used to assess and determine which processes and systems would take priority in terms of resource allocation and overall improvements. The ultimate objective is to further develop the ways by which the Bank delivers products and services to our customers, giving them a seamless and hassle-free customer experience. The next graph shows the 2019 results of the metrics installed by the Bank.



CSAT target started at 85% as our baseline and we are able to increase it for the succeeding years at 90%. A total of 2,407 customers participated in our VOC program for 2019.

2019 VOC results indicate that the Bank's effort at improving customer service is successful especially because high service satisfaction directly translates to an increase in brand advocates. Customer effort score remains at a high level of more than 90%, which is a further indication of effective improvements in process and service delivery.

Qualitative feedback derived from these surveys have shown that customers prefer to have alternative channels not only to raise their inquiries and requests but to learn more about the products and services of the bank. They expect ready access to information enabling them to easily perform their financial transactions.

With these, PBCOM has started fully utilizing non-voice channels such as SMS, live chat, in-app and email platforms to promote awareness on products and services and address client inquiries and requests in the digital space. Likewise, PBCOM continues to cater to the customer segment who prefer face to face transactions, through continuous technical, product and service capability programs for frontliners.

COMPLAINTS HANDLING

The Bank puts significant importance in resolving the complaints that we receive through the various channels as we consider these feedback as further ways to improve our service. We ensure that these complaints are resolved strictly within the service level gareement (SLA) and turn-around-time set by the BSP, and aligned with the Bank's Consumer Protection Framework.

Our Consumer Assistance Office under the Customer Protection and Experience Management Division, who reports directly to the President and CEO, stringently ensures that customer concerns and issues are handled properly and within the standards set by BSP and the Bank, Proper coordination then takes place between PBCOM Branches, Customer Care, Business Units involved, and Customer Assistance Office in order to ensure prompt and efficient handling of each of the concerns raised.

The Bank has constantly been exceeding the set SLA target of 95% for the past years. These complaints are categorized according to relevance and type, of which, those that are controllable on the bank's end are consistently monitored and assessed in order to decrease year-on-year. This decrease is a result that proves improvements in processes and systems are effective and successful.



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

PBCOM customers may communicate concerns through different channels, namely: (1) phone call, (2) email, (3) social media sites, (4) website, (5) branches, (6) SMS (7) chat thru live chat or chatbot; and (8) mobile app thru the in-app inbox. All concerns reported through these channels are documented and handled in compliance with existing bank and BSP-prescribed guidelines. The nature, profile and details of these concerns are then reported to the Board of Directors on a quarterly basis through the risk Oversight Committee.

The Bank has implemented a centralized Feedback and Complaint Management System thru a ticketing system which efficiently logs and monitors customer concerns. With the system's periodic and thorough customer service reports, the Bank gains valuable insight with which we refine and improve the "overall customer experience".

SECURITY AND FRAUD PREVENTION

PBCOM ensures that there are control systems for customers to have secure and consistent banking transactions, whether through the branches or through digital channels. This is to safeguard the Bank's customers from security threats such as financial and personal identity theft:

- Regular physical checks of PBCOM ATMs are done to minimize the risk of card data skimming
- Stringent security and control systems are implemented to protect the Bank's customers from thefts and security threats
- · Continuous issuance of warnings and advisories on information security threats provide the public with practical and useful guides on how to protect themselves against such threats

PBCOM also enhanced the verification process across various channels to protect our customers from theft of personal information. The Bank added several layers of positive identification measures before assisting customers with their banking transactions.

With all these measures in place, the Bank provides a safe and secure environment providing protection not only to our own network and resources, but ultimately, to our valued customers.

DATA PRIVACY

PBCOM practices data protection beyond just obtaining consent from our customers. Organizational, technical, and physical security measures are in place and compliant to NPC's regulations to ensure that our customers are protected from unauthorized disclosure and processing of their personal information. Major data privacy milestones in 2019 include:

On February 07, 2019, the National Privacy Commission, thru their Compliance and Monitoring Division, confirmed that the Bank has duly complied with the registration requirements of the Data Privacy Act of 2012, its IRR, and all related issuances.

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 National Privacy Commission (NPC). This includes the Board approved Data Privacy Manual and Privacy Policy.

The Bank ensures that the employees are fully aware of the provisions of the Data Privacy Act, and, in connection, their rights and responsibilities as both a data subject and data processors. Ongoing Data Privacy Training Programs were launched through both computer-based and face-to-face trainings for all bank personnel; in fact, 100% of PBCOM employees have undergone the training course on data privacy. The Human Resources Group has played an important role in the dissemination of this information through discussing the privacy policy and regularly obtaining consent from employees during onboarding.

As part of the bank's program to increase awareness regarding data privacy, the Bank has also been consistently disseminating information in different channels to both internal and external audiences. This includes publication of the Bank's privacy policy, propagation of NPC advisories, posting of tips on how to protect personal information, and other information

campaigns. This information is published in the Bank's social media accounts, the corporate website, email blasts, and other digital channels in order to ensure that customers and employees alike are duly informed of their right to privacy and how PBCOM handles their personal information.

The designated DPO, with the assistance of CISO (Chief Information Security Officer) and the Risk Management Group, has conducted a Privacy Impact Assessment (PIA). This is a process used to evaluate and manage impacts on privacy of a particular process, program, project, measure, and system or technology product of a Personal Information Controller and / or Processor (PIC/ PIP). The DPO conducted a workshop for all identified units that handle and process personal information to assist them on what to take into account regarding the nature of personal data that the Bank needs to protect, the personal data flow, and the risks to privacy and security.

To assess the readiness of the Bank in case of a data privacy breach, a (tabletop) breach drill has been conducted in accordance with the Data Breach Management Framework, It was conducted with the help of the Data Privacy Breach Response Team composed of the DPO, CISO, CIO (Chief Information Officer) and CRO (Chief Risk Officer).

Also, the Bank's DPO has passed the DPO ACE Certification Program facilitated by National Privacy Commission last November 2019.

DISCLOSURE AND TRANSPARENCY

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

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

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

FINANCIAL EDUCATION AND AWARENESS

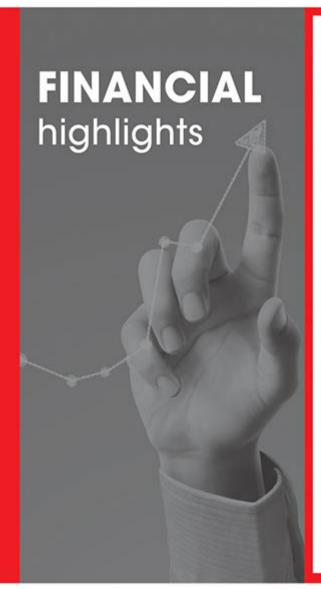
It has always been PBCOM's thrust to put our customers at the heart of everything we do. The main and only objective is ensuring fairness with our dealings, an open communication with our customers and employees and to provide protection to our customers in all their financial transactions with us.

PBCOM has been very active in promoting a responsible financial system that protects the interest of our customers. Our service delivery is anchored on our core values PRIDE (Passion, Responsiveness, Integrity, Dynamism, and Excellence) to ensure that all our efforts are geared towards creating the best experience for our customers. This is strengthened by the various on-boarding and training programs that the Bank facilitated for its employees.

The Bank is an advocate of empowering customers in making sound financial decisions in saving, investing, budgeting and borrowing. We have implemented a number of campaigns and programs that help equip our customers and the public in general, with both technical and practical knowledge.

The Bank, through its Marketing, Customer Protection and Experience, Products, and Branch Banking groups has rolled out "Oplan Ipon", a financial inclusion and awareness program to provide our various audiences with knowledge on efficiently and effectively handling their finances.





in PHP thousands	Consolid	ated	Parent Ban	k (Solo)
	Y2019	Y2018	Y2019	Y2018
Profitability				
Total Net Interest Income	3,205,033	2,869,809	3,205,033	2,869,809
Total Non-interest Income	1,619,024	1,235,888	1,789,316	1,234,085
Total Non-interest Expense	3,086,796	3,043,266	3,257,088	3,041,466
Pre-provision Profit	1,737,261	1,062,431	1,737,261	1,062,428
Allowance for Credit Losses	377,613	209,914	377,613	209,914
Net Income	1,157,257	626,236	1,157,257	626,233
Selected Balance Sheet Data				
Liquid Assets	33,900,906	38,233,983	36,599,588	37,994,498
Gross Loans	61,061,770	59,876,532	61,061,770	58,015,710
Total Assets	102,740,504	103,749,322	102,748,072	101,866,805
Deposits	75,881,839	74,028,731	75,890,815	72,335,327
Total Equity	11,355,201	10,325,914	11,355,201	10,335,310
Selected Balance Sheet Data				
Return on Equity	10.68	6.18	10.67	6.17
Return on Assets	1.12	0.63	1.13	0.64
CET 1 Capital Ratio	13.69*	11.85	13.69	11.77
Tier 1 Capital Ratio	13.69*	11.85	13.69	11.77
Capital Adequacy Ratio	16.47*	14.56	16.47	14.50
Per common share data				
Net Income per Share				
Basic/Diluted	2.41	1.30	2.41	1.30
Book Value	23.62	21.48	23.62	21.50
Others				
Cash Dividends Declared			none	none
Headcount				
Officers			765	741
Staff			314	333
* presented same as parent				

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine Bank of Communications (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019, 2018 and 2017, in accordance with prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Chairman of the Board

Tain May 1. Sig PATRICIA MAY T. SIY President & CEO

Treasurer

Comptroller

INDEPENDENT AUDITOR'S REPORT



SyCip Gorres Velayo & Co. 6790 Avala Avenue 1226 Makati City Philippines

Fav: (632) 819 0872

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

The Stockholders and the Board of Directors Philippine Bank of Communications PBCom Tower, 6795 Ayala Avenue Corner V. A. Rufino Street, Makati City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine Bank of Communications and its subsidiaries (the Group) and the parent company financial statements of Philippine Bank of Communications (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2019 and 2018, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2019 and 2018, and their financial performance and their eash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

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

Recognition of expected credit losses(ECL) on loans and receivables

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

Allowance for credit losses for loans and receivables as of December 31, 2019 for the Group and the Parent Company amounted to P2.16 billion. Provision for credit losses of the Group and the Parent Company in 2019 amounted to P0.38 billion.

Refer to Note 17 of the financial statements for the details of the allowance for credit losses using the ECL model.

Audit response

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors Philippine Bank of Communications PBCom Tower, 6795 Avala Avenue Corner V. A. Rufino Street, Makati City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine Bank of Communications and its subsidiaries (the Group) and the parent company financial statements of Philippine Bank of Communications (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2019 and 2018, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated and parent company financial statements, including a summary of significant accounting

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2019 and 2018, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our

Audit response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemption, the selection of the transition approach and any election of available practical expedients.

We tested the completeness of the population of lease agreements by comparing the number of leases per operational report against the master lease schedule. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16. including the transition adjustments.

For selected lease contracts with renewal and/or termination option, we reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- · Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- · Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- · Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- . Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- · Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- · Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Reports on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 38 and Revenue Regulations No. 15-2010 in Note 39 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine Bank of Communications. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagt 18
Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-AR-1 (Group A),
September 18, 2018, valid until September 17, 2021
Tax Identification No. 216-950-288
BIR Accreditation No. 08-001998-107-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125208, January 7, 2020, Makati City

April 29, 2020



STATEMENTS OF FINANCIAL POSITION

Ni.	Consolidated		Parent C	ompany
	Decem	ber 31	Decem	ber 31
	2019	2018	2019	2018
		(Amounts in T	housands)	
ASSETS				
Cash and Other Cash Items	P2,698,682	P1,389,869	P2,698,682	P1,357,609
Due from Bangko Sentral ng Pilipinas				
(Notes 18 and 19)	10,213,521	15,224,382	10,213,521	15,168,300
Due from Other Banks	357,960	379,723	357,960	228,57
Interbank Loans Receivable (Note 8)	717,736	206,964	717,736	206,96
Financial Assets at Fair Value through				
Profit or Loss (Note 9)	1,667,827	893,216	1,667,827	893,210
Financial Assets at Fair Value through Other	22 Badbler	22220000		 1000000000
Comprehensive Income (Note 10)	8,094,362	6,798,230	8,094,362	6,798,23
Investment Securities at Amortized Cost (Note 11)	12,849,500	13,341,599	12,849,500	and the second
Loans and Receivables (Note 12)	61,257,040	60,079,206	61,259,793	58,221,17
Investments in Subsidiaries and an Associate				
(Note 7)	13,849	13,318	20,053	
Property and Equipment (Note 13)	725,739	1,021,349	725,739	922,94
Investment Properties (Note 14)				
Condominium units for lease	1,836,941	1,832,726	1,836,941	1,832,72
Foreclosed properties	588,451	772,425	588,451	612,53
Office units for lease	3,274	3,624	3,274	3,62
Intangible Assets (Note 15)	673,089	703,775	673,089	439,98
Goodwill (Note 15)	-	182,227	-	40.00
Deferred Tax Assets - Net (Note 30)		74,487		40,800
Other Assets (Note 16)	1,042,533	832,202	1,041,144	808,28
TOTAL ASSETS	P102,740,504	P103,749,322	P102,748,072	P101,866,80
LIABILITIES AND EQUITY				
Deposit Liabilities (Notes 18 and 31)				
Demand	P27,204,604	P20,257,138	P27,213,580	P20,262,96
Savings	9,180,273	7,810,642	9,180,273	
Time	36,594,232	43,058,221	36,594,232	
		2,902,730	2,902,730	2,902,730
Long-term negotiable certificates of deposits	2,902,730			
Long-term negotiable certificates of deposits	2,902,730 75,881,839		75,890,815	72,335,32
	75,881,839	74,028,731	75,890,815 13,064,824	
Bills Payable (Note 19)	75,881,839 13,064,824	74,028,731 17,659,083	13,064,824	17,591,28
Bills Payable (Note 19) Outstanding Acceptances	75,881,839 13,064,824 91,855	74,028,731 17,659,083 46,344	13,064,824 91,855	17,591,28- 46,34-
Bills Payable (Note 19) Outstanding Acceptances Manager's Checks Accrued Interest, Taxes and Other Expenses	75,881,839 13,064,824 91,855 442,811	74,028,731 17,659,083 46,344 97,447	13,064,824 91,855 442,811	17,591,28 46,34 97,44
Bills Payable (Note 19) Outstanding Acceptances Manager's Checks Accrued Interest, Taxes and Other Expenses (Note 20)	75,881,839 13,064,824 91,855 442,811 712,428	74,028,731 17,659,083 46,344 97,447 685,009	13,064,824 91,855 442,811 712,277	17,591,28 46,34 97,44 642,69
Bills Payable (Note 19) Outstanding Acceptances Manager's Checks Accrued Interest, Taxes and Other Expenses (Note 20) Income Tax Payable	75,881,839 13,064,824 91,855 442,811 712,428 23,441	74,028,731 17,659,083 46,344 97,447 685,009 3,735	13,064,824 91,855 442,811 712,277 23,441	17,591,28 46,34 97,44 642,69 1,79
Bills Payable (Note 19) Outstanding Acceptances Manager's Checks Accrued Interest, Taxes and Other Expenses (Note 20)	75,881,839 13,064,824 91,855 442,811 712,428	74,028,731 17,659,083 46,344 97,447 685,009	13,064,824 91,855 442,811 712,277	17,591,28 46,34 97,44 642,69 1,79

Conso	lidated	Parent Company			
Decem	ber 31	Decem	ber 31		
2019	2018	2019	2018		
	(Amounts in T	Thousands)			
P12,016,129	P12,016,129	P12,016,129	P12,016,129		
2,262,246	2,252,826	2,262,246	2,262,246		
105,952	105,893	105,952	105,893		
(2,807,067)	(3,916,336)	(2,807,067)	(3,916,336)		
10 15 16			355		
87,932	19,416	87,932	19,416		
(231,664)	(177,059)	(231,664)	(177,059)		
,					
(78,327)	25,021	(78,327)	25,021		
11,355,201	10,325,890	11,355,201	10,335,310		
-	24	_	-		
11,355,201	10,325,914	11,355,201	10,335,310		
P102,740,504	P103,749,322	P102,748,072	P101,866,805		
	2019 P12,016,129 2,262,246 105,952 (2,807,067) 87,932 (231,664) (78,327) 11,355,201	(Amounts in T P12,016,129 P12,016,129 2,262,246 2,252,826 105,952 105,893 (2,807,067) (3,916,336) 87,932 19,416 (231,664) (177,059) (78,327) 25,021 11,355,201 10,325,890 — 24 11,355,201 10,325,914	December 31 December 32 2019 2018 2019 (Amounts in Thousands) ₱12,016,129 ₱12,016,129 ₱12,016,129 2,262,246 2,252,826 2,262,246 105,952 105,893 105,952 (2,807,067) (3,916,336) (2,807,067) 87,932 19,416 87,932 (231,664) (177,059) (231,664) (78,327) 25,021 (78,327) 11,355,201 10,325,890 11,355,201 11,355,201 10,325,914 11,355,201		

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME

		Consolidated	1,-52,736.33	Pr	rent Company	
			Years Ended De	cember 31		
	2019	2018	2017	2019	2018	2017
		(Amount)	s in Thousands, Exc	ept Earnings per Sha	we)	
INTEREST INCOME						
Loans and receivables (Notes 12 and 31)	P4,468,479	P3,723,359	P2,921,640	P4,468,479	P3,723,359	P2,921,310
Investment securities (Note 26)	588,317	709,008	536,988	588,317	709,008	536,988
Financial Assets at Fair Value through Profit or Loss (Note 26)	159,297	15,810	153,670	159,297	15,810	153,670
Interbank loans receivable and securities purchased under resale agreements (Note 8)	40,246	41,291	38,905	40,246	41,291	38,905
Deposits with other banks	11,981	10,845	12,739	11,981	10,845	12,739
	5,268,320	4,500,313	3,663,942	5,268,320	4,500,313	3,663,612
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 18 and 31)	1,501,587	1,161,819	774,411	1,501,587	1,161,819	773,574
Bills payable, borrowings and others (Note 19)	561,700	468,685	225,029	561,700	468,685	225,029
	2,063,287	1,630,504	999,440	2,063,287	1,630,504	998,603
NET INTEREST INCOME	3,205,033	2,869,809	2,664,502	3,205,033	2,869,809	2,665,009
Rent income (Notes 14, 28 and 31)	736,341	661,017	562,970	736,341	661,196	563,245
Trading and securities gain (loss) - net (Note 26)	408,413	23,336	(13,243)	408,413	23,336	(13,243
Service charges, fees and commissions	407,507	342,915	318,834	407,507	342,915	317,721
Profit (loss) from assets sold (Notes 13, 14 and 16)	97,739	(9,562)	21,966	97,739	(9,562)	21,966
Foreign exchange gain - net	49,873	49,953	69,787	49,873	49,953	69,787
Income from trust operations (Note 25)	21,095	15,707	15,404	21,095	15,707	15,404
Gain (loss) on assets exchange - net (Note 14)	(11,850)	13,133	(162)	(11,850)	13,133	(162
Miscellaneous	137,783	114,176	103,700	137,783	114,176	103,478
TOTAL OPERATING INCOME	5,051,934	4,080,484	3,743,758	5,051,934	4.080,663	3,743,205

		400.000.400.400.400	Parent Company			
	9212	denoted the second	Years Ended De			14.00
	2019	2018	2017	2019	2018	2017
		(Amount	s in Thousands, Exc	ept Earnings per Sha	ire)	
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 14, 27 and 31)	P978,869	P1,040,602	P1,056,936	P978,153	P1,039,169	P1,055,169
Taxes and licenses (Notes 14 and 30)	624,122	542,936	427,231	624,115	542,911	427,136
Depreciation and amortization (Note 13)	445,979	386,917	395,549	445,979	386,917	395,333
Provision for credit and impairment losses - net (Notes 17)	377,613	209,914	288,911	377,613	209,914	288,91
Insurance	139,771	141,847	124,391	139,771	141,847	124,39
Occupancy and other equipment-related costs (Notes 14, 28 and 31) Loss on sale of a subsidiary (Note 7)	130,220	243,921	210,812	171,173	243,769	210,86
Management and professional fees	106.543	112,989	103,261	106,443	112,889	103,161
Security, clerical, messengerial and janitorial services	97,754	96,210	81,584	97,747	96,135	81,54
Entertainment, amusement and recreation	82,483	86,137	81,981	82,483	86,137	81,981
Communications.	48,661	53,645	53,597	48,661	53,645	53,595
Miscellaneous (Notes 14 and 29)	432,394	338,062	332,001	432,394	338,047	331,953
TOTAL OPERATING EXPENSES	3,464,409	3,253,180	3,156,254	3,634,701	3,251,380	3,154,042
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND AN						
ASSOCIATE	1,587,525	827,304	587,504	1,417,233	829,283	589,163
SHARE IN NET INCOME (LOSS) OF SUBSIDIARIES (Note 7)	-	-	-	(58,116)	22,981	10,649
SHARE IN NET INCOME OF AN ASSOCIATE (Note 7)	531	250	692	531	250	692
INCOME BEFORE INCOME TAX	1,588,056	827,554	588,196	1,359,648	852,514	600,504
PROVISION FOR INCOME TAX (Note 30)	202,391	226,281	203,964	202,391	226,281	204,048
NET INCOME FROM CONTINUING OPERATIONS	1,385,665	601,273	384,232	1,157,257	626,233	396,456
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 7)	(228,408)	24,963	12,227	-	_	
NET INCOME	P1,157,257	P626,236	P396,459	P1,157,257	P626,233	P396,456
Attributable to:						
Equity holders of the Parent Company	P1,157,257	P626,233	P396,456			
Non-controlling interests	-	3	3			
	P1,157,257	P626,236	P396,459			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent		120	Yalisa			
Company (Note 32)	P2.41	P1.30	P0.82			

See accompanying Notes to Financial Statements



STATEMENTS OF COMPREHENSIVE INCOME

		onsolidated			rent Company	<u>y</u>
	2019	2018	2017	December 31 2019	2018	201
	2019	2018	(Amounts in		2018	201
NET INCOME FOR THE YEAR	P1,157,257	P626.236	OUT THE	P1,157,257	P626.233	P396,456
OTHER COMPREHENSIVE INCOME (LOSS)	***********	rozojavo	1010(10)	1111071107	roscopero	1070,100
FOR THE YEAR, NET OF TAX						
Items that may be reclassified to profit or loss in						
subsequent periods:						
Net unrealized gain (loss) on debt securities at						
fair value through other comprehensive						
income (Note 10)	68,516	(114,964)	-	68,516	(114,964)	-
Net movement in cumulative translation adjustment	(54,605)	(54,796)	(49,524)	(54,605)	(61 706)	(49,524)
Unrealized gain as a result of reclassification	(54,005)	(54,790)	(49,524)	(34,003)	(54,796)	(49,524)
of debt securities from amortized cost to						
fair value through other comprehensive						
income (Note 3)	-	56,901	-	-	56,901	-
La compagnita e e e e e e e e e e e e e e e e e e e	13,911	(112,859)	(49,524)	13,911	(112,859)	(49,524
Items that may not be reclassified to profit or loss			(1000)	12771371	110000000000000000000000000000000000000	3-4100
in subsequent periods:						
Unrealized gain on equity securities carried at fair value through other comprehensive						
income (Note 10)	-	14,479	38,397	-	14,479	38,397
Change in remeasurement gains on retirement		14,177	204277		14,177	20,077
liability (Note 27)	(111,505)	97,755	34,587	(111,505)	94,704	31,424
Income tax relating to change in						
remeasurement gains on retirement						
liability	8,157	(10,866)	(776)	8,157	(9,951)	-
Income tax relating to unrealized gain on						
equity securities carried at fair value through other comprehensive income		(1,450)	(7,914)		(1,450)	(7,914)
through other comprehensive income	(103,348)	99,918	64,294	(103,348)	97,782	61,907
5	(89,437)	(12,941)	14,770	(89,437)	(15,077)	12,383
POT-1 OTHER COMPREHENSIVE INCOME	(07/43/)	(12,741)	14,770	(07,431)	(13,077)	12,36.
TOTAL OTHER COMPREHENSIVE INCOME BEFORE SHARE IN OTHER						
COMPREHENSIVE INCOME OF						
SUBSIDIARIES	1,067,820	613,295	411,229	1,067,820	611,156	408,839
	agree agree	0103070	411,000	191019040	0111110	414900
SHARE IN OTHER COMPREHENSIVE INCOME OF SUBSIDIARIES						
Item that may not be reclassified to profit or loss in						
subsequent periods:						
Change in remeasurement gains on retirement						
liability (Note 27)	-	-	-	_	3,051	3,163
Income tax relating to components of other						
comprehensive income (Note 7)			-		(915)	(776)
	-	-	-	-	2,136	2,387
TOTAL OTHER COMPREHENSIVE INCOME	P1,067,820	P613,295	P411,229	P1,067,820	P613,292	P411,22
Attributable to:						
Equity holders of the Parent Company	P1,067,820	P613,292	P411,226			
Non-controlling interests	_	3	3			
TOTAL COMPREHENSIVE INCOME,	104502270224	25-R1.051-	(2004)1933-0021			
NET OF TAX	P1,067,820	P613,295	P411,229			

STATEMENTS OF CHANGES IN EQUITY

						Consolidated					
						d Documber 31, 2019, 201					
	Common Stock (Note 23)	Subscribed Common Stock - net (Note 23)	Additional Paid in Capital	Surplus Reserves (Note 23)	Deficie (Notes 2 and 23)	e to Equity Holders of the Unevaliated Gain (Loos) on Financial Assets Carried at Fair Value Through Other Comprehensive Income (Note 19)	Cumulative Translation Adjustment	Remeasurement Gains (Losses) on Retirement Liability (Note 27)	Total	Non- Controlling Interests	Total Equity
Balances at December 31, 2018, as previously reported	P12,016,129	-	P2,252,826	P105,893	(P3,916,336)	(Amounts in Thousands) P19,416	(F177,059)	P25,821	P10,325,890	P24	P10,325,914
Effect of the adoption of PFRS 16, Leanes (Note 2)					(47,929)				(47,929)		(47,929)
Bulances at January 1, 2019, as restated Derecognition of share of PRBI as a result of sale	12,016,129		2,252,826	105,893	(3,964,265)	19,416	(177,059)	25,021	9,420	24 G0	10,277,985
Derecognition of share of PKSE as a result of sale Exampler to surplus reserves	-	5.0	9,420	59	(59)		-		9,420	(24)	9,396
Entall comprehensive income (loss) for the year	- 2			59	1,157,257	68,516	(54,605)	(103,348)	1,067,820	- 0	1,667,820
Balances at December 31, 2019	P12,016,129	P-	P2,242,246	P105,952	(P2,807,067)	P97,932	(P231,664)	(P78,327)	P11,355,201	p.	P11,355,201
Balances at January 1, 2018, as restated Effect of the adoption of PFRS 9, Financial Instruments (Note 2)	12,016,129	029	2,252,826	105,824	(4,311,607)	64,104	(122,263)	(61,868)	9,943,145	26	9,343,171
Balances at January 1, 2018	12,016,129	-	2,252,826	105,824	(4,542,500)	64,450	(122,263)	(61,868)	9,712,598	21	9,712,619
Framefor to surplus reserves	-	-	-	69	(69)	-	-	-	-	-	-
Fotal comprehensive income (loss) for the year	100000				626,233	(45,054)	(54,796)	86,889	613,292	- 3	613,295
Balances at December 31, 2018	P12,016,129	р.	P2,252,826	P105,893	(P3,916,336)	P19,416	(P177,059)	P25,021	P10,325,890	P24	P10,325,914
Balances at January 1, 2017, as restated	7,489,114	4,581,340 1,394,320	813,515	105,772	(4,708,011)	33,621	(72,739)	(95,679)	8,146,933	(8,223)	8,138,710
Collection of subscription receivable (Note 23) Issuance of common stock (Note 23)	4,527,015		1,448,645	-			-		1,394,320		1394,320
France of common stock (Note 23) France to surplus reserves	4,527,015	(5,975,660)	1,448,043	52	(52)		- 2	- 5		2	-
Total comprehensive income (loss) for the year				24	396,456	30,483	(49.524)	33.811	411,226	3	411,229
Acquisition of non-controlling interests (Note 7)	-	-	(9.334)	-	279,436	20,000	(41,04)	20,011	(9,334)	8.246	(1,088
Balances at December 31, 2017	P12.016.129	P-	P2.252.826	P105.824	(P4.311.607)	P64,104	(F122.263)	(P61,368)	P9,943,145	P26	P9.943,171

				Years Ended	December 31, 2019, 2018	and 2017			
	Common Stock (Note 23)	Subscribed Common Stock - net (None 23)	Additional Paid-in Capital	Surplus Reserves (Note 21)		Unrealized Gain (Lon) on Financial Assets rried at Fair Value Through Other Comprehensive Income (None 10)	Cumulative Translation Adjustment	Remeasurement Gains (Losses) on Retirement Liability (None 27)	Total Equit
	Duning and	Note that the	11 2 11 11 11 11 11 11		(mounts in Thousands)		5333462	- 12.63.83	THE WAR
Islances at December 31, 2018, as previously reported (ffect of the adoption of PFRS 16, Leaner (Note 2)	P12,016,129		P2,262,246	P105,893	(F3.916.336) (47.929)	P19,416	(F177,059)	P25,821	P10,335,300 (47,929)
Salances at January 1, 2019, as restated	12,016,129	-	2,262,246	105,893	(3,964,265)	19,416	(177,059)	25,921	10,287,381
Derecognition of share of PRINI as a result of sale	_	-	-	-	-	-	-	-	-
ransfer to surplus reserves	-	-	-	59	(59)	-	-	-	-
etal comprehensive income (loss) for the year	-	-	-	-	1,157,257	68,516	(54,605)	(103,348)	1,867,828
Islances at December 31, 2019	P12,016,129	P-	P2,342,246	P105,952	(P2,807,667)	P87,932	(P231,664)	(P78,327)	P11,355,201
lalances at January 1, 2015, as restated Heat of the adoption of PERS 9, Financial Instruments	12,016,129		2,262,246	105,824	(4,311,607)	64,104	(122,263)	(61,868)	9,952,565
(Notes 2 and 3)	-	-	-	-	(230,893)	346	-		(230.547)
Islances at January 1, 2018	12,016,129	-	2,262,246	105,824	(4,542,500)	64,450	(122,263)	(61,868)	9,722,018
rannfer to surplus reserves	-		-	69	(69)	-	-	-	-
otal comprehensive income (loss) for the year				-	626,233	(45,034)	(54,796)	86,889	613,292
Islances at December 31, 2018	P12,016,129	p	P2,362,346	P105,893	(P3,916,336)	P19,416	(P177,059)	P25,821	P10,335,310
Salamon at January 1, 2017, as restated	7,489,114	4,581,340	813,601	105,772	(4,708,011)	33,621	(72,739)	(95,679)	8,147,019
Collection of subscription receivable (Note 23)	-	1,394,320	-	-	-	-	-	-	1,394,329
suance of common stock (Note 23)	4,527,015	(5,975,660)	1,448,645			-			-
ransfer of surplus reserves		-	-	52	(52)	-		-	-
otal comprehensive income (loss) for the year		-		_	396,456	30,483	(49,524)	33,811	411,226
Islances at December 31, 2017	P12,016,129	P-	P2,262,246	P105,824	(94,311,607)	P64,104	(P122,363)	(P61,868)	P9,952,565

STATEMENTS OF CASH FLOWS

		Consolidated	Parent Company					
			Years Ended	December 31				
	2019	2018	2017	2019	2018	2017		
			(Amounts in	Thousands)				
CASH FLOWS FROM OPERATING								
ACTIVITIES								
Income before income tax from continuing operations	P1,588,056	P827,554	P588,196	P1,359,648	P852,514	P600,504		
Income before income tax from discontinued	F1,588,050	P827,554	P388,190	F1,339,648	P852,514	P000,304		
operations	(226,132)	26,412	24,611					
Income before income tax	1,361,924	853,966	612,807	1,359,648	852,514	600,504		
	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		-		
Adjustments to reconcile income before income tax								
to net cash generated from (used for) operations:								
Depreciation and amortization (Note 13)	445,979	386,915	395,549	445,979	386,917	395,332		
Provision for credit and impairment losses								
(Note 17)	377,613	209,914	288,911	377,613	209,914	288,911		
Trading gains on financial assets at FVOCI								
(Note 26)	(309,176)	(32,522)	_	(309,176)	(32,522)	-		
Loss (profit) from assets sold (Notes 13, 14 and			100.0000			100 E 010 a		
16)	(97,739)	9,562	(21,966)	(97,739)	9,562	(21,966		
Accretion of interest on unquoted debt securities								
(Note 12)	(88,233)	(94,844)	(93,478)	(88,233)	(94,844)	(93,478		
Accretion of interest on lease liability (Note 21)	18,711	-	-	18,711	-	-		
Loss on sale of a subsidiary (Note 7)	-			171,173				
Loss (gain) on assets exchange (Note 14)	11,850	(13,133)	162	11,850	(13,133)	162		
Share in net income of subsidiaries and an								
associate (Note 7)	(531)	(250)	(692)	57,584	(23,231)	(11,341)		
Unrealized loss (gain) on financial assets at fair								
value through profit or loss	(1,495)	(5,195)	4,832	(1,495)	(5,195)	4,832		
Changes in operating assets and liabilities:								
Decrease (increase) in the amounts of:								
Loans and receivables (Note 33)	(3,678,579)	(7,339,515)	(7,499,218)	(3,675,826)	(7,156,411)	(7,738,667		
Financial assets at fair value through								
profit or loss	(773,116)	1,852,450	(2,444,820)	(773,116)	1,852,450	(2,444,820		
Other assets	(361,667)	(70,826)	(326,804)	(363,056)	(63,370)	(189,622		
Increase (decrease) in the amounts of:		2 202 012			* ***			
Deposit liabilities	3,546,513	3,292,913	7,565,179	3,555,488	3,290,312	7,845,913		
Manager's checks	345,364	(329,958)	127,020	345,364	(329,958)	127,020		
Accrued interest, taxes and other	** ***	*****			******			
expenses	32,576	263,342	4,949	32,425	250,926	40,743		
Other liabilities	421,668	7,918	240,749	421,677	9,202	207,515		
Net cash provided by (used in) operations	1,251,662	(1,009,263)	(1,146,820)	1,488,871	(856,867)	(988,962		
Income taxes paid	(210,254)	(231,355)	(197,870)	(207,978)	(227,778)	(181,616		
Net cash provided by (used in) operating activities	1,041,408	(1,240,618)	(1,344,690)	1,280,893	(1,084,645)	(1,170,578)		
CASH FLOWS FROM INVESTING								
ACTIVITIES		10.200	(12.000)			(12.02		
Decrease (increase) in interbank loans receivable	13,121	49,290	(12,692)	13,121	49,290	(12,692)		
Acquisitions of:								
Financial assets at FVTOCI	(68,324,130)	(18,623,917)		(68,324,130)	(18,623,917)			
Investment securities at amortized cost	-	(41,444)	(2,351,707)		(41,444)	(2,351,707		
Property and equipment (Note 13)	(87,133)	(105,732)	(21,544)	(87,133)	(109,712)	(21,544		
Software costs (Note 15)	(39,172)	(33,583)	(30,358)	(39,172)	(32,979)	(30,358)		
Investment properties (Notes 13 and 14)	-	(423)		-	(423)	-		
Subsidiaries	-	-	(2,634)	-	-	_		
Additional investments in subsidiaries	-	-	(1,088)	-	-	_		

		Consolida			Parent Comp	pany
(h)				ed December 3		100
	2019	2018	2017	2019	2018	2017
			(Amounts	in Thousands)		
Proceeds from disposals of:	220000					
Financial assets at FVTOCI	P67,695,250	P13,604,095	P	P67,695,250	P13,604,095	P-
Investment properties (Note 14)	314,655	30,634	48,852	314,655	1,128	57,032
Property and equipment (Note 13)	20,532	14,816	15,860	20,532	14,293	11,102
Chattel mortgage	91,812	154,313	85,349	91,812	154,313	85,349
Subsidiary	500,220	-		500,220	-	
Proceeds from maturity of investment securities	200,000	405,000	70,000	200,000	405,000	70,000
Net cash provided by (used in) investing activities	385,155	(4,546,951)	(2,199,962)	385,155	(4,580,356)	(2,192,818
CASH FLOWS FROM FINANCING						
ACTIVITIES						
Availments of:						
Bills payable	392,583,853	423,360,260	190,375,643	392,583,853	423,185,782	190,375,643
Outstanding acceptances	573,187	265,439	324,197	573,187	265,440	324,197
Marginal deposits	321,701	2,391	3,410	321,701	2,391	3,410
Settlements of:						
Bills payable	(397,121,016)	(418,263,661)	(187,907,410)	(397,121,016)	(418,156,982)	(187,907,410
Outstanding acceptances	(522,775)	(285,122)	(295,302)	(522,775)	(285,123)	(295,302
Marginal deposits	(287,657)	(2,619)	(3,043)	(287,657)	(2,619)	(3,043
Lease liabilties	(119,169)	-	-	(119,169)	-	-
Proceeds from shares subscription (Note 23)	-	-	1,394,320	-	-	1,394,320
Net cash provided by (used in) financing activities	(4,571,876)	5,076,688	3,891,815	(4,571,876)	5,008,889	3,891,815
EFFECT OF FOREIGN CURRENCY						
TRANSLATION ADJUSTMENT	(54,605)	(54,796)	(49,524)	(54,605)	(54,796)	(49,524
NET DECREASE IN CASH AND CASH						
EQUIVALENTS	(3,199,918)	(765,677)	297,639	(2,960,433)	(710,908)	478,895
CASH AND CASH EQUIVALENTS AT						
BEGINNING OF YEAR						
Cash and other cash items	1,389,869	974,207	1,042,611	1,357,609	941,823	1,011,756
Due from Bangko Sentral ng Pilipinas	15,224,382	15,340,711	13,356,075	15,168,302	15,279,084	13,276,681
Due from other banks	379,723	1,166,063	2,996,758	228,578	965,820	2,631,497
Interbank loans receivable (Note 33)	193,843	472,513	260,411	193,843	472,513	260,411
	17,187,817	17,953,494	17,655,855	16,948,332	17,659,240	17,180,345
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	2,698,682	1,389,869	974,207	2,698,682	1,357,609	941,823
Due from Bangko Sentral ng Pilipinas	10,213,521	15,224,382	15,340,711	10,213,521	15,168,302	15,279,084
Due from other banks	357,960	379,723	1,166,063	357,960	228,578	965,820
Interbank loans receivable (Note 33)	717,736	193,843	472,513	717,736	193,843	472,513
	P13,987,899	P17,187,817	17.953,494	P13,987,899	P16.948.332	P17,659,240

OPERATIONAL CASH FLOWS FROM INTEREST

02	Conse	olidated		Parent C	ompany	100			
0.5			Years Ende	d December 31		THE STATE			
	2019	2018	2017	2019	2018	2017			
	(Amounts in Thousands)								
Interest paid	P2,121,862	P1,514,955	P973,150	P2,103,611	P1,461,109	P973,150			
Interest received	5,547,387	4,678,218	3,485,682	5,592,985	4,368,913	3,485,682			

See accompanying Notes to Financial Statements.

BUSINESS CONTRIBUTION BY SEGMENT

100					Consolidate	rd			
					2019				
	Branch Banking Group	Corporate Banking Group	Treasury Segment	Consumer Finance Segment	Trust and Wealth Managemen t Segment	Unaffocated	RAP	RAP-PFRS Adjustments/ Others	Total
Revenue									
Revenue, net of interest expense Third party Intersegment	(P1,624,818) 3,333,921	P3,762,321 (2,516,256)	P965,419 (607,589)	P837,129 (489,178)	P2,176 (3,891)	P25,042 282,993	P3,967,269	P53,684	P4,020,953
Other operating income	1,709,103	1,246,865 38,825	357,830 31,650	347,951	-1,715 21,095	308,035 934_191	3,967,269 1,036,116	(5,135)	4,020,953 1,030,981
Total operating income	1,719,475	1,284,890	389,480	347,934	19,380	1,242,226	5,003,385	48,549	5,051,934
Compensation and fringe benefits Taxes and licenses	307,978 214,776	65,005 174,428	41,285 61,845	48,913 38,821	14,120 1,216	501,568 119,119	978,869 610,205	13.917	978,869 624,122
Depreciation and amortization Provision for (reversal of) credit	93,386	2,325	3,523	3,963	761	273,323	377,281	68,698	445,979
and impairment losses Occupancy and other		350,102	2,972	(16,398)		(144,136)	192,540	185,073	377,613
equipment-related costs Other operating expenses	183,698 316,238	25,419 50,046	932 97,302	14,526 30,939	1,969 4,223	43,570 408,858	270,114 907,606	(139,894)	130,220 907,606
Net operating income (loss) before income tax	603,399	617,565	181,621	227,170	(2,909)	39,924	1,666,770	(79,245)	1,587,525
Segment results Net interest income (loss) Rent income	P1,620,300	P984,596	(P78,725)	P305,011	(P1,715)	P293,746 736,341	P3,123,213 736,341	PS1,820	P3,205,033 736,341
Trading and securities gain (loss) - net Service charges, fees, and	-	-	436,549	-	-	-	436,549	(28,136)	408,413
commissions Profit (loss) from assets sold	88,803	261,469	7	42,940		14,288 91,024	91,024	6,715	407,507 97,739
Foreign exchange gain - net Income from trust operations	10,077	8,407	31,389		21,095	=	49,873 21,095	-	49,873 21,095
Loss on assets exchange - net Miscellancous	295	30,418	261	(17)		106,826	137,783	(11,850)	(11,850)
Total operating income	1,719,475	1,284,890	389,481	347,934	19,380	1,242,225	5,003,385	48.549	5,051,934
Compensation and fringe benefits	307,978	65,005	41,285	48,913	14,120	501,568	978,869	4,547	978,869
Taxes and licenses	214,776	174,428	61,845	38,821	1,216	119,119	610,205	13,917	624,122
Depreciation and amortization Provision for (reversal of) credit	93,386	2,325	3,523	3,963	761	273,323	377,281	68,698	445,979
and impairment losses Occupancy and other	****	350,102	2,972	(16,398)		(144,136)	192,540	185,073	377,613
equipment-related costs Other operating expenses	183,698 316,238	25,419 50,046	932	14,526 30,939	1,969	43,570	270,114 907,606	(139,894)	907,606
Total operating expenses	1,116,076	667,325	207,860	120,764	22,289	1,202,301	3,336,615	127,794	3,464,409

	Consolidated 2019								
18									
	Branch Banking Group	Corporate Banking Group	Treasury Segment	Consumer Finance Segment	Trust and Wealth Managemen t Segment	Unallocated	RAP	RAP-PFRS Adjustments/ Others	Total
Segment profit (loss)	P603,399	P617,565	P181,621	P227,170	(P2,909)	P39,924	P1,666,770	(P79,245)	P1,587,525
Provision for income tax	-	(4,670)	(152,099)	-	-	(71,414)	(228,183)	25,792	(202,391)
Share in net income of associate	-	-	-	-	-	531	531	-	531
Net income (loss) from continuing operations Net loss from discontinued	603,399	612,895	29,522	227,170	(2,909)	(30,959)	1,439,118	(53,453)	P1,385,645
operations					-	(218,148)	(218,148)	(10,260)	(228,408)
	P603,399	P612,895	29,522	227,170	(2,909)			(63,713)	
Segment assets									
Property and equipment	P303,941	P-	P-	P-	P-	P1,137,033	P1,440,974	(P715,235)	P725,739
Investment properties	-	-	-	-	-	3,499,815	3,499,815	(1,071,149)	2,428,666
Other assets	11,046,362	53,007,011	25,604,840	6,404,035	72,075	3,737,554	99,871,877	(285,778)	99,586,099
Total segment assets	P11,350,303	P53,007,011	P25,604,840	P6,404,035	P72,075	PS,374,402	P104,812,666	(P2,072,162)	P102,740,504
Total segment liabilities	P81,051,819	P227,974	P7,388,774	P936	P-	P2,577,324	P91,246,827	P138,476	P91,385,303





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