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S.E.C. Registration Number

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(Company's Full Name)

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

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

M A K A T I C I T Y

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

Michael Stephen H. Lao

Contact Person

(02) 8830-7062

Company Telephone Number

3rd Tuesday of June

1 2 3 1

Month Day Fiscal Year

2 0 I S

Form Type

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Month Day Annual Meeting

[Empty box for Secondary License Type]

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

[Empty box for Domestic Borrowings]

Domestic

[Empty box for Foreign Borrowings]

Foreign

To be accomplished by SEC Personnel Concerned

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File Number

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STAMPS

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of the **PHILIPPINE BANK OF COMMUNICATIONS** (“PBCOM”) will be held on **Tuesday, 15 June 2021, 9:00 a.m. to 10:00 a.m.** The meeting will be conducted virtually and can be accessed at the link provided in the Bank’s website at <https://www.pbcom.com.ph/>.

A G E N D A

1. Call to Order
2. Certification of Notice and Quorum
3. Review and Approval of the Minutes of the Previous Meeting held on 14 July 2020
4. Annual Report of Management and Approval of the Audited Financial Statements for 2020
5. Ratification of Acts of the Board of Directors and Management since the Last Annual Meeting of Stockholders
6. Amendment of the By-Laws to include BSP-prescribed board level committees
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

For purposes of the meeting, only stockholders of record as of **14 May 2021** are entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

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

Stockholders who choose to vote by proxy must submit and address their signed proxy to the attention of the Corporate Secretary at 5/F PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City or via e-mail at CorporateSecretary@pbcom.com.ph not later than 5:00 p.m. on or before 07 June 2021.

In compliance with SEC Resolution No. 196, Series of 2015, a copy of the Unaudited Interim Financial Statements of PBCOM with Management Discussion and Analysis for the period ended 31 March 2021 shall be posted in PBCOM’s website at <https://www.pbcom.com.ph/> on or before 07 June 2021. A hard copy of the said interim financial statements shall be provided within a reasonable time upon request by any stockholder.

Copies of the following documents will be available upon request: (i) Minutes of the Annual Meeting of Stockholders held on 14 July 2020; (ii) Information Statement; (iii) Management Report; (iv) Audited Financial Statements for the year 2020.

PBCOM IS NOT SOLICITING PROXIES.


MICHAEL STEPHEN H. LAO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE
SECURITIES REGULATION CODE

1. Check the Appropriate box

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter **PHILIPPINE BANK OF
COMMUNICATIONS**

3. Province, country or other jurisdiction of incorporation or organization **Philippines**

4. SEC Identification Number **PW00000686**

5. BIR Tax Identification Number **000-263-340-000**

6. Address of Principal Office PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street,
Makati City 1226, Philippines

7. Registrant's telephone number, including area code **(632) 8830-7000**

8. Date, time and place of meeting of security holders

Date **15 June 2021, Tuesday**

Time **9:00 a.m. to 10:00 a.m.**

Place **Link to access the live streaming is provided in the Bank's website at
<https://www.pbcom.com.ph/>**

9. Approximate date on which the Information Statement is first to be sent or given to security holders

25 May 2021

10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA (information of the number of shares and amount of debt is applicable only to corporate registrants)

<u>Title of Each Class</u>	<u>Number of Common Stock Outstanding or Amount of Debt Outstanding</u>
Common Stock	480,645,163 shares
Debt Outstanding	None

11. Are any or all of the registrant's securities listed on a Stock Exchange?
Yes No

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange, Inc. **Common Shares**

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

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date : 15 June 2021, Tuesday
Time : 9:00 a.m. to 10:00 a.m.
Place : Link to access the live streaming is provided in the Bank's website at <https://www.pbcom.com.ph/>

Mailing Address of the Bank

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

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

Record Date

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of the Stockholders is **14 May 2021** (the "Record Date").

Approximate Date of First Release of Information Statement

The approximate date on which this Information Statement will be first sent out to the stockholders of the Bank is on **25 May 2021**.

Dissenter's Right of Appraisal

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

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

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

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

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

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

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

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

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

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

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

- (b) **Record Date:** All stockholders of record as of the close of business on **14 May 2021** are entitled to notice of, and to vote at, the Annual Meeting.
- (c) Pursuant to Article II, Section 2 of the Bank's By-laws, a stockholder may vote during the Annual Stockholders' Meeting in person or by proxy.

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

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

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia*, stockholders may access the Bank's online web address

at <https://www.pbcom.com.ph/>, to be able to register and vote *in absentia* on the matters for approval at the meeting. A stockholder who votes in absentia shall be deemed present for purposes of quorum.

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

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

Security Ownership of Certain Record and Beneficial Owners as of May 14, 2021:

There are no delinquent stocks and the direct and indirect record of beneficial owners of more than five percent (5%) of common shares of the Bank as of May 14, 2021 are:

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Ownership and relationship with Record Owner	Citizenship	No. of Shares	% Held
Common	P.G. Holdings, Inc. 900 Romualdez St., Paco, Manila Stockholder	Lucio L. Co-Chairman Susan P. Co-Director Authorized to vote the shares	Filipino	186,241,408	38.75%
Common	VFC Land Resources, Inc. 1379 San Gregorio St., Paco, Manila Stockholder	Various stockholders Lucio L. Co – Authorized to vote the shares	Filipino	71,619,638	14.90%
Common	PCD Nominee Corporation 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City Stockholder	Various stockholders	Filipino Non-Filipino	51,155,884 <u>1,995,804</u> 53,151,688	10.64% 0.42% 11.06%
Common	Ralph C. Nubla, Jr. 2 Sanso Street, Corinthian Gardens, Quezon City Stockholder	Ralph C. Nubla, Jr. – same as record owner	Filipino	51,779,374	10.77%
Common	Eric O. Recto 5/F PBCOM Tower 6795 Ayala Ave. cor. V.A. Rufino St., Makati City Stockholder	Eric O. Recto – same as record owner	Filipino	50,159,424	10.43%
Common	Telengtan Brothers & Sons, Inc. Km. 14, South Superhighway, Paranaque City Stockholder	Various stockholders Authorized to vote the shares-any one the ff: Bunsit Carlos G. Chung/Felix Chung/Ching Tiong Keng	Filipino	31,859,844	6.63%

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

Security Ownership of Management

The following are the number of shares of common stock owned of record and beneficially by the directors and executive officers of the Bank and the percentage of shareholdings of each, as of May 14, 2021:

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

Except as disclosed above, the Bank has not received from any of the directors or executive officers of the Bank any statement of ownership, whether of record or beneficially, of more than five percent (5%) of the Bank's outstanding shares of common stock. As known by the Bank, the aggregate number of common shares owned directly by all key officers and directors as a group as of May 14, 2021 is 238,751,217 common shares.

Changes in Control

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

Directors and Executive Officers

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

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

Eric O. Recto
Leonardo B. Dayao
Patricia May T. Siy
Lucio L. Co
Susan P. Co
Jaime J. Bautista
Bunsit Carlos G. Chung
Jack E. Huang
Levi B. Labra
Gregorio T. Yu

Conrado A. Gloria, Jr. – Independent Director

Bienvenido E. Laguesma – Independent Director
Emmanuel Y. Mendoza – Independent Director
Gilda E. Pico – Independent Director
Robert Y. Cokeng – Independent Director

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

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

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

Executive Committee

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

Risk Oversight Committee

- a. Conrado A. Gloria, Jr. (Chairperson / Independent Director)
- b. Bienvenido E. Laguesma (Independent Director)
- c. Robert Y. Cokeng (Independent Director)
- d. Levi B. Labra
- e. Patricia May T. Siy

Governance Committee

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

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

Audit Committee

- a. Emmanuel Y. Mendoza (Chairperson / Independent Director)
- b. Gilda E. Pico (Independent Director)
- c. Levi B. Labra
- d. Jaime J. Bautista

RPT Committee

- a. Robert Y. Cokeng (Chairperson / Independent Director)
- b. Conrado A. Gloria, Jr. (Independent Director)
- c. Gilda E. Pico (Independent Director)
- d. Levi B. Labra

Trust Committee

- a. Eric O. Recto (Chairperson)
- b. Robert Y. Cokeng (Independent Director)
- c. Patricia May T. Siy

- d. Jack Ekian T. Huang
- e. Dreda Teresa D. Mendoza/Trust Officer

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

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

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

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

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

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

Names of Directors and Executive Officers

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

Board of Directors

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

Mr. Recto, Filipino, 57 years old, was elected Director and Vice Chairman of the Board on July 26, 2011, appointed Co-Chairman of the Board on January 18, 2012 and Chairman of the Board on May 23, 2012. He is presently Chairman and President of Bedfordbury Development Corporation; Chairman and President of Optimum Dev't. Holdings Phils., Inc.; Vice-Chairman of Alphaland Corporation; President of Atok-Big Wedge Co., Inc.; Independent Director of Aboitiz Power Corporation and Philippine H2O; Director of DITO CME Holdings Corp. (formerly ISM Communications Corporation); and a Member of the Board of Supervisors of Acentic GmbH. Mr. Recto served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both the International Finance Group and the Privatization Office. Before his stint with the government, he was Chief Finance Officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University.

LEONARDO B. DAYAO, *Vice Chairman and Director*

Mr. Dayao, Filipino, 76 years old, was elected Director on September 29, 2014 and Vice Chairman on October 24, 2014. Mr. Dayao currently holds the following positions in publicly listed companies: President of Cosco Capital, Inc. and Director of Puregold Price Club, Inc. He also holds various positions in the following privately-owned companies: Chairman of Catuiran Hydropower Corporation, Fertuna Holdings Corp., Kareila Management Corporation, League One Finance and Leasing

Corporation, Pamana Water Corporation, PSMT Philippines, Inc., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc.; Vice-Chairman of Ayagold Retailers, Inc.; President of Alcorn Petroleum Minerals Corporation, NE Pacific Shopping Centers Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., San Jose City I Power Corp., Union Energy Corporation; Vice-President of Alerce Holdings Corp., Bellagio Holdings, Inc., KMC Realty Corporation, Puregold Properties, Inc., Union Equities, Inc., VFC Land Resources, Inc.; and Director of Canaria Holdings Corporation, Entenso Equities Incorporated, Karayan Hydropower Corporation and Puregold Realty Leasing & Management, Inc. He received a Bachelor of Science Degree in Commerce from Far Eastern University. He is a Certified Public Accountant and has completed Basic Management Program at Asian Institute of Management and earned units in MBA from University of the Philippines-Cebu.

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

Mr. Co, Filipino, 66 years old was elected Director on September 29, 2014. Mr. Co currently holds the following positions in other publicly listed companies: Director and Chairman of Puregold Price Club, Inc., Chairman of Cosco Capital, Inc. and Chairman and President of Da Vinci Capital Holdings, Inc. He is also the Chairman of the following privately-owned companies: Alcorn Petroleum & Minerals Corporation, Bellagio Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Entenso Equities Incorporated, Invescap Incorporated, NE Pacific Shopping Centers Corporation, P.G. Holdings, Inc., Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Union Energy Corporation, and Union Equities, Inc., He is also a Director of the following privately-owned companies: Catuiran Hydropower Corporation, Cleangreen Energy Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corp., LCKK & Sons Realty Corporation, League One Finance and Leasing Corporation, Meritus Prime Distributions, Inc., Montosco, Inc., Nation Realty, Inc., Pamana Water Corporation, PPCI Subic Inc., Patagonia Holdings Corp., Premier Wine & Spirits, Inc., S&R Pizza (Harbor Point), Inc., and S&R Pizza, Inc., Tower 6789 Corporation and VS Gripal Power Corporation. He is a member of the Board of Trustees of Adamson University and Luis Co Chi Kiat Foundation, Inc. Mr. Co has been an entrepreneur for the past 40 years.

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

Ms. Siy, Filipino, 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 Segment. She held senior positions in Standard Chartered Bank from 1994 to 2000 in the fields of Regional and Philippine Consumer Credit, Group Special Asset Management, and Corporate Banking in Cebu and Head Office. Her first Bank was Private Development Corporation of the Philippines where she stayed from 1983 to 1994 as Project Analyst, Cebu Lending Head, Visayas Lending Head, and then Branch Lending Head. Ms. Siy graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Chemical Engineering.

JAIME J. BAUTISTA, *Director*

Mr. Bautista, 63 years old, was elected Director on July 14, 2020. He is currently a Director of Air Speed International Inc., Alphaland Corp., Gothong Southern Shipping, Inc., and Cosco Capital, Inc. At present, he is the Vice Chairman of the Board of Trustees of the Philippine Eagle Foundation, Inc., member of the Board of Trustees of the University of the East, UE Ramon Magsaysay Medical Memorial Center and International School of Sustainable Tourism. Mr. Bautista started his career as Staff Auditor of SyCip, Gorres Velayo and Co. He joined the Lucio Tan Group (LTG) of Companies in 1980 occupying various management positions in the group which is involved in cigarette manufacturing, brewery, piggery, construction, electronics, real estate, property development, banking, distillery, chemical and alcohol manufacturing, education Import/export and other businesses. Mr. Bautista was appointed as Vice President- Comptroller and was promoted to Senior Vice President and

Chief Finance Officer of PAL in 1994, Executive Vice President in 1998 and President in 2004 until his retirement in 2012. He was appointed again as President of PAL until his second retirement on June 30, 2019. He graduated Magna Cum Laude from Colegio de San Juan de Letran with a degree of Bachelor of Science in Commerce. Mr. Bautista is a Certified Public Accountant.

BUNSIT CARLOS G. CHUNG, Director

Mr. Chung, Filipino, 70 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.

SUSAN P. CO, Director

Mrs. Co, Filipino, 63 years old was elected Director on September 29, 2014. She currently holds the positions of Vice-Chairman of Puregold Price Club, Inc. and Vice-Chairman and Treasurer of Cosco Capital, Inc., both publicly listed companies. Mrs. Co is the Chairman of Tower 6789 Corporation (Formerly: Alphaland Makati Tower, Inc.) and Director of the following privately-owned companies: Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Kareila Management Corp., KMC Realty Corp., Meritus Prime Distributions, Inc., Montosco, Inc., Nation Realty, Inc., NE Pacific Shopping Center Corporation, P.G. Holdings, Inc., Patagonia Holdings Corp., PPCI Subic Inc., Premier Wines and Spirits, Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., S&R Pizza (Harbor Point), Inc., S&R Pizza, Inc., San Jose City I Power Corp., Union Energy Corporation and Union Equities, Inc. Mrs. Co received a Bachelor of Science Degree in Commerce from the University of Santo Tomas.

LEVI B. LABRA, Director

Mr. Labra, Filipino, 62 years old, served as an Independent Director from October 24, 2014 until his election as a regular member of the Board of Directors on February 22, 2017. Mr. Labra is also a Director of Cosco Capital, Inc., a publicly listed company. He obtained his Bachelor of Science in Business Administration (Cum Laude) at the University of San Carlos, Cebu City.

GREGORIO T. YU, Director

Mr. Yu, Filipino, 62 years old, was elected Director on July 26, 2011. At present, he is the Chairman of Auto Nation Group Inc., CATS Automobile Corporation, Nexus Technology, Inc. and Vice Chairman of Sterling Bank of Asia. He is an Independent Director of Philippine Airlines and PAL Holdings, Inc., Chemical Industries of the Philippines, Inc., DITO CME Holdings Corporation, Alphaland Corporation, APO Agua Infraestructura Inc., Philequity Management Inc., Vantage Financial Corporation (formerly E-business Services, Inc.) and Vantage Equities Inc. He is also a Director of CATS Asian Cars, Inc and American Motorcycles, Inc., Unistar Credit and Finance Corporation, Glyph Studios, Inc., Prople BPO 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 President and CEO of Belle Corporation, Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands Golf Club and the Country Club at Tagaytay Highlands, Vice Chairman of APC Group and Philippine Global Communication. He was formerly a Director of CATS Motors Inc., Philippine National Reinsurance Corporation, International Exchange Bank, Iremit Inc, Philequity Fund Inc., Vantage Equities Corporation and Filcredit Finance. He was also a Director of Yehey Corporation, iRipple, Director for Corporate Finance of Chase Manhattan Bank Asia in Hong Kong and Vice President, Area Credit for the Chase Manhattan Bank Regional Office in Hong Kong. Mr. Yu was formerly a Trustee of Xavier School Inc. and Government Services Insurance System from 2010-2016. He received his MBA from

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

JACK EKIAN T. HUANG, *Director*

Mr. Huang, Filipino, 66 years old, was elected Director on June 4, 2019. He currently holds the positions of Director of Puregold Price Club Inc., Director and President of First Abacus Financial Holdings Corporation, Vice President of Abacus Capital and Investment Corporation, Director and Vice President of Abacus Securities Corporation and Director and Treasurer of Richmedia Network Inc. Mr. Huang is also a member of the Board of Trustees of Sacred Heart School (Ateneo de Cebu). In the past, he was Assistant Vice President of the Bank of the Philippine Islands, Branch Manager of Ayala Investment & Development Corporation and Director and General Manager of Cebu Business Continuous Forms. Mr. Huang obtained his Bachelor of Arts in Economics at the Ateneo de Manila University.

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

Mr. Gloria, Filipino, 61 years old, was elected Independent Director on June 4, 2019. He currently holds the positions of President & CEO of GIV Capital Holdings Corporation, Chief Operating Officer of Alterpower Specialist, Inc. and Corporate Secretary of Miguel and Maria Group of Restaurants, Inc. In the past, he served as President & COO of Investment & Capital Corporation of the Philippines, Executive Vice President and Managing Director of SB Capital Investment Corporation, President of SB Equities, Inc., Senior Vice President of Southeast Asia Cement Holdings Inc. and Senior Finance Officer of International Finance Corporation. Mr. Gloria obtained his Bachelor of Arts in Economics at the University of the Philippines and his Masters in Business Administration at the Asian Institute of Management.

BIENVENIDO E. LAGUESMA, *Independent Director*

Atty. Laguesma, 70 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. and Da Vinci Capital Holdings, Inc. Atty. Laguesma also sits as Director in the Board of Maritime Academy of Asia and the Pacific and Vice Chairman of the Board of Anda Power Corporation. In the past, Atty. Laguesma was a Director of First Metro Investment Corporation, Chairman of Charter Ping An Insurance Corporation, Director of DARE Philippines, Inc., and Member of the Board of Regents of the Pamantasan Ng Lungsod ng Maynila (PLM). He also served the government in various capacities such as: 1) Commissioner and Ex-Officio Commissioner of the Social Security System; 2) Director of Land Bank of the Philippines; 3) Director of HMDF (Pag-ibig Fund); 4) Director of Aurora Pacific Economic Zone Authority; 5) Secretary and Undersecretary of the Department of Labor and Employment; 6) Presidential Assistant of the Office of the President of the Republic of the Philippines; 7) Administrator of the National Conciliation and Mediation Board; 8) Regional Director and Assistant Regional Director of the Department of Labor and Employment; 9) Executive Labor Arbiter and Labor Arbiter of the National Labor Relations Commission; and 10) Med-Arbiter of the Department of Labor and Employment. Atty. Laguesma obtained his AB Political Science degree at the Lyceum of the Philippines and his Bachelor of Laws at the Ateneo College of Law. He also attended a course in Public Service Administration at the Royal Institute of Public Administration in London, U.K. and Executive Service Development Program at the Development Academy of the Philippines.

EMMANUEL Y. MENDOZA, *Independent Director*

Mr. Mendoza, Filipino, 56 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.

GILDA E. PICO, *Independent Director*

Ms. Pico, Filipino, 74 years old, was elected Independent Director on February 22, 2017. She is currently Chairman of the Board of Producers Savings Bank where she was formerly a Director/Consultant. Ms. Pico sits as Chairman of Masuerte Rural Bank, an acquired bank of Producers Savings Bank. She is also connected with PayMaya Philippines as Independent Director and with Marinor Development Corporation as Director/Treasurer and Gilart Holdings Corporation as President. In the past, Ms. Pico was President and CEO of Land Bank of the Philippines from November 2006 to July 2016. She was Land Bank's Acting President from July 2005 to November 2006 and Trustee of Land Bank Countryside Development Fund from 2005 to 2015. She also served as Chairman/Director in various government and private institutions engaged in leasing, realty, insurance, guarantees, microfinancing, rural and development banking from 1985 to 2016 such as LBP Insurance Brokerage, Inc., LBP Leasing and Finance Corporation, Landbank Realty Corp., Masaganang Sakahan, Inc., National Livelihood Development Corporation, Peoples Credit and Finance Corporation, Philippine Crop Insurance Corporation, among others. Ms. Pico obtained her Bachelor of Science Degree in Commerce in 1966 from the College of the Holy Spirit where she graduated Magna Cum Laude and earned units in Masters in Business Administration from the University of the East. Ms. Pico is a Certified Public Accountant.

ROBERT Y. COKENG, *Independent Director*

Mr. Cokeng, Filipino, 70 years old, is currently the Chairman and President of F&J Prince Holdings Corporation (PSE-listed), Magellan Capital Holdings Corporation, Magellan Utilities Development Corporation, Consolidated Tobacco Industries of the Philippines, Center Industrial and Investment Inc., Malabrigo Corp., and Pinamucan Power Corporation. He is also the Managing Director of Essential Holdings Ltd. and Chairman of Pointwest Technologies Corporation, Pointwest Innovation Corporation and Ipads Developers Corporation. Mr. Cokeng is the Chairman of the Executive Committee of Business Process Outsourcing International and an Independent Director of Cosco Capital, Inc., a publicly listed company. Mr. Cokeng started as Senior Investment Officer and Philippine Country Officer in International Finance Corp. (World Bank Group), Washington, D.C. from 1976 to 1986 and Planning Associate in Mobil Oil Philippines from 1971 to 1972. Mr. Cokeng graduated with honors from the Ateneo University with a degree of Bachelor of Arts in Economics Honors Program in 1971, Magna Cum Laude. He took up Masters in Business Administration program from Harvard University in 1976 and completed it with distinction.

Independent Directors

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

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

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

Only nominees whose names appear on the final list of candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the final list of candidates shall

have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

All nominees, Messrs. Conrado A. Gloria, Jr., Bienvenido E. Laguesma, Emmanuel Y. Mendoza, Robert Y. Cokeng and Mrs. Gilda E. Pico do not have a relationship with the Bank which would interfere with the exercise of independent judgment in carrying out responsibilities of a director. None of them are related to any of the directors or officers of the Company.

The Chairman of the Bank, Mr. Eric O. Recto, has recommended the nominations of Messrs. Conrado A. Gloria, Jr., Bienvenido E. Laguesma, Emmanuel Y. Mendoza, Robert Y. Cokeng and Mrs. Gilda E. Pico as independent directors for the ensuing year. Mr. Recto is not related to any of the mentioned nominees.

The Nominations Committee has taken into consideration the qualifications to be an Independent Director. Attached as **Annexes "B", "C", "D", "D-1" and "E"** are the Certificates of the Qualifications of the Nominees for Independent Directors. The Nominations Committee is composed of Mrs. Gilda E. Pico (Chairperson), Messrs. Eric O. Recto, Leonardo B. Dayao, Conrado A. Gloria, Jr. and Bienvenido E. Laguesma.

EXECUTIVE OFFICERS

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

Mr. Medina, Filipino, 51 years old, joined PBCOM in 2017 and has over 25 years of experience in the banking industry as a senior executive in the Philippines and as an adviser to large banks in the United States. Mr. Medina obtained his Bachelor of Science in Industrial Engineering degree from the University of the Philippines, Diliman and Master of Business Administration degree from the Shidler College of Business at the University of Hawai'i at Manoa. He was also awarded Graduate Certificates in Leadership from The East-West Center, International Management from the Pacific Asian Management Institute, and European Management from the European Summer School for Advanced Management held in Marseilles, France.

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

Mr. Atienza, Filipino, 50 years old, joined PBCOM in 2015 and has over 25 years of banking experience in Trading and Treasury Operations. He has been a recipient of numerous industry awards for Fixed Income Trading and has been a board member of Money Market Association of the Philippines (MART). Mr. Atienza obtained both his Bachelor of Arts in Economics and his Master of Business Administration degree from San Sebastian College.

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

Mr. Martinez, 55 years old, joined PBCOM in 2020 and has over 26 years of experience in the banking industry in the area of Institutional, Corporate and Commercial Banking covering industries in real estate, telcos, logistics, coal-fired & renewable energy power generation, power distribution, construction, gaming & entertainment. Mr. Martinez graduated from DLSU with a BS degree in Commerce, major in Management of Financial Institutions and from the Atkinson Graduate School of Management of Willamette University with a Masters degree in Management, major in Finance.

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

Ms. Datu, Filipino, 63 years old, joined PBCOM in 2013 and has over 38 years of banking experience gained from Local and Foreign Banks as well as a Credit Card Company. She has extensive exposure on Financial Accounting, Management Profitability Reporting and Analysis, Regulatory Compliance, Operations, Risk and Audit. Ms. Datu obtained her Bachelor of Science major in Accounting from Polytechnic University of the Philippines.

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

Mr. Garcia, Filipino, 53 years old, joined PBCOM in 2015 with over 29 years of extensive Management and Banking experience, with the last 18 years spent in a senior supervisory role. He has strong background in Corporate Cash Management and Managing and Developing Electronic Banking Channels with exposure to both corporate and retail markets. Mr. Garcia, obtained both his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering and Master's Degree in Business Administration from De La Salle University. He also holds a Certificate in International Cash Management from the Association of Corporate Treasurers, United Kingdom.

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

Mr. Indita, 52 years old, joined the Bank in 2020 with over 26 years of banking experience particularly in Retail Banking. He obtained his Bachelor of Science degree in Commerce, major in Management, from San Beda College & his MBA from the Ateneo Graduate School of Business.

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

Atty. Laragan, Filipino, 53 years old, joined PBCOM in 2016 and has 20 years of experience in various Department: Legal, Human Resources, General Services, Compliance and Risk. Atty. Laragan obtained her Bachelor's Degree in Commerce Major in Economics, and Bachelor's Degree in Law from the University of Santo Tomas.

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

Atty. Lao, Filipino, 37 years old, was elected Corporate Secretary on June 4, 2019. He is concurrently the Bank's Corporate Information Officer which he holds since November 30, 2014. Atty. Lao was the Bank's Assistant Corporate Secretary from November 30, 2014 up to his election as Corporate Secretary. He is currently a Partner at Zambrano Gruba Caganda and Advincola Law Offices. Atty. Lao received his Bachelor of Science degree in Business Administration from College of Saint Benilde and his Juris Doctor degree from Ateneo de Manila School of Law in 2012.

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

Directorships in Other Reporting Companies

- Mr. Eric O. Recto is also a Director of DITO CME Holdings Corp. (formerly ISM Communications Corporation), Atok-Big Wedge Co. Inc. and Aboitiz Power Corporation
- Mr. Leonardo B. Dayao is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.
- Mr. Lucio L. Co is also a Director of Puregold Price Club, Inc., Cosco Capital, Inc., and Da Vinci Capital Holdings, Inc.
- Ms. Susan P. Co is also a Director of Puregold Price Club, Inc. and Cosco Capital, Inc.
- Mr. Jaime J. Bautista is also a Director of Cosco Capital, Inc.
- Mr. Levi B. Labra is also a Director of Cosco Capital, Inc.
- Mr. Gregorio T. Yu is also a Director of DITO CME Holdings Corp. (formerly ISM Communications Corporation), PAL Holdings and Vantage Equities, Inc.
- Mr. Jack Ekian T. Huang is also a Director of Puregold Price Club, Inc. and First Abacus Financial Holdings Corporation.
- Mr. Bienvenido E. Laguesma is also an Independent Director of Cosco Capital, Inc. and Da Vinci Capital Holdings, Inc.
- Mr. Robert Y. Cokeng is also a Director of F&J Prince Holdings Corporation and Cosco Capital, Inc.

Shares of Atok-Big Wedge Co., Inc. (AB), DITO CME Holdings Corp. (DITO) (formerly ISM Communications Corporation), Aboitiz Power Corporation (AP), Puregold Price Club, Inc. (PGOLD), Cosco Capital, Inc. (COSCO), Da Vinci Capital Holdings, Inc. (DAVIN), Vantage Equities, Inc. (V),

PAL Holdings (PAL), First Abacus Financial Holdings Corp. (FAP) and F&J Prince Holdings Corporation (FJP) are all listed in the Philippine Stock Exchange, Inc.

Significant Employee

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

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

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

Certain Relationships and Related Transactions

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

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

Related Party	Transaction with the Bank
Post-retirement Plan	Investment made in retirement plan is approved by the Bank's Retirement Board. Trust fee income from such service and total deposits maintained with the Bank in 2020 amounted ₱2.44 Million and ₱138.50 Million, respectively while interest expenses paid by the Bank to the deposits was ₱

	0.27 Million.
Provident Fund	Outstanding deposit and interest paid by the Bank as of year-end was ₱125.9 Million and ₱0.26 Million, respectively while trust fees earned from such service amounted to ₱2.35 Million.
Key Management Personnel	Senior Management Team constitutes key management personnel for purposes of PAS 24. Short term benefits and post-employment benefits given to SMT in 2020 amounted to ₱131.43 Million and ₱6.69 Million, respectively. Year-end balance of deposits and interest expenses paid by the Bank amounted to ₱24.78 Million and ₱0.07 Million respectively.
Affiliate	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱17.55 Million and ₱0.17 Million, respectively. Rental income earned for the year is ₱0.16 Million.
Subsidiaries	Year-end balance of deposits incurred by the Bank amounted ₱8.9 Million.
Significant Investors	Year-end balance of deposits and interest expenses incurred by the Bank amounted ₱3.98 Billion and ₱26.67 Million, respectively. Rental income during the year amounted to ₱4.06 Million and rent-related depreciation and interest expense were ₱22.56 Million and ₱5.6 Million, respectively.

As required by BSP, the Bank discloses loans transactions with certain directors, officers, shareholders and their related interests (“DOSRI”) in the ordinary course of business, under commercial terms and on an arm’s length basis observing at all times the legal limits prescribed under current BSP regulations on DOSRI loans. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the lower of the Bank’s total unimpaired capital or 15% of the total loan portfolio. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations. As of December 31, 2020, the Bank is in compliance with such regulations.

Compensation of Directors and Executive Officers

Since the Bank obtained an exemption from the SEC to disclose the required detailed compensation information, disclosure of aggregate compensation paid or accrued during the last three fiscal years 2018 to 2020 of the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows:

(In Php'000s)

	2020	2019	2018
CEO and four most highly compensated Executive officers	Patricia May T. Siy President & CEO	Patricia May T. Siy President & CEO	Patricia May T. Siy President & CEO
	John Howard D. Medina Executive Vice President	John Howard D. Medina Executive Vice President	John Howard D. Medina Executive Vice President
	Alan E. Atienza Executive Vice President	Alan E. Atienza Executive Vice President	Delbert S. Ang It Senior Vice President
	Victor O. Martinez Executive Vice President	Arlene M. Datu Senior Vice President	Alan E. Atienza Senior Vice President
	Arlene M. Datu Senior Vice President	Expedito G. Garcia, Jr. Senior Vice President	Expedito G. Garcia, Jr. Senior Vice President
Salary	₱50,719	₱48,960	₱46,050
Bonus	18,685	16,320	15,350
Other Annual Compensation			
TOTAL	₱ 69,404	₱65,280	₱61,400

(In Php'000s)

All officers and directors as Group Unnamed			
Salary	₱ 621,114	₱620,420	₱551,901
Bonus	192,947	188,364	180,367
Other Annual Compensation	-	-	-
TOTAL	₱ 814,061	₱808,784	₱732,268

The following is the estimated annual compensation for year 2021: (In Php'000s)

	Salary	Bonus	Other Annual Compensation	Total
Total of CEO and Four most highly compensated Executive Officers	₱59,575	₱18,858	none	₱78,433
All officers as a group unnamed	631,913	197,519	none	829,432

The director's per diem and other fees amounted to ₱12.29 Million, ₱9.75 Million and ₱9.7Million, as of December 31, 2020, 2019 and 2018, respectively.

The five (5) Independent and four (4) other regular Directors are entitled to a Director's fee for attending Board meetings. The remaining six (6) 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 percent (4%).

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, 2020.

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

Directors Fees

As provided by the By-Laws, directors shall not receive any compensation but shall receive a reasonable per diem for every attendance at any meeting, regular or special of the Board of Directors, for each day of session in an amount as the Board of Directors may from time to time provide. Directors who are serving in any other capacity may receive compensation thereof.

Directors may receive an amount not to exceed four (4) percent as distribution of net earnings resulting from the operations of the Bank after deducting the expenses of the administration and all taxes, and after making proper provisions for reserves to cover possible losses on loans and other contingencies. There is no such distribution from the Bank's earnings for the year 2020.

Each member of the Board of Director's received the following as Directors for the year 2020:

(Php)

Name of Director	Total
Bautista, Jaime J.	850,000.00
Gloria Jr., Conrado A.	1,492,500.00
Huang, Jack E.	1,337,500.00

Jalandoni Jr., Jesus S.	1,442,500.00
Labra, Levi B.	1,482,500.00
Laguesma, Bienvenido E.	1,482,500.00
Mendoza, Emmanuel Y.	1,402,500.00
Pico, Gilda E.	1,507,500.00
Yu, Gregorio T.	1,287,500.00
Total	12,285,000.00

The amounts include total fees and per diems received for their attendance in board and other meetings.

Independent Public Accountant

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

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

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

(in Php’000s)

Fiscal Year	Audit Fees	All other fees
2020	₱3,943	
2019	3,787	
2018	6,627	₱66

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

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

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

Compensation Plans

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

Action with Respect to Reports

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

1. Review and approval of the Minutes of the Previous Meeting held on 14 July 2020 (copy attached as **Annex “G”**) covering the following matters:
 - a. Certification of Notice and Quorum
 - b. Approval of Minutes of Previous Stockholders’ Meeting Held on 4 June 2019
 - c. Annual Report of Management and Approval of the Audited Financial Statements for 2019
 - d. Ratification of the Acts of the Board of Directors and Management since the last Annual Meeting of Stockholders
 - e. Amendment of the By-Laws to include BSP-prescribed board level committees of the Bank
 - f. Election of Directors
 - g. Appointment of External Auditors
2. Annual Report of Management and Approval of the Audited Financial Statements for 2020
3. Ratification of Acts of the Board of Directors and Management since the last Annual Meeting of Stockholders
4. Amendment of the By-Laws to include Bangko Sentral ng Pilipinas (BSP) - prescribed board level committees of the Bank
5. Election of Directors
6. Appointment of External Auditor
7. Other Matters

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

Amendment of Charter, By-Laws or Other Documents

In accordance with the BSP’s recommendations, the Board of Directors has proposed the following amendments to the Bank’s Executive Committee Charter and By-Laws:

PHILIPPINE BANK OF COMMUNICATIONS – BY LAWS			
	Current Provision	Proposed Revision	Remarks
1	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS - There shall be an Executive Committee composed of not more than seven (7) members of the Board of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of</p>	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS- There shall be an Executive Committee <u>composed of at least five (5) members of the Board</u> of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during</p>	<p>Revision is to align with the latest EXECOM Charter.</p>

	<p>the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on June 18, 1996)</p>	<p>intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on _____)</p>	
2	N/A	<p>ARTICLE V THE AUDIT COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be an Audit Committee composed of at least three (3) members of the Board of Directors, as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson. The chairperson of the Audit Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.</p> <p>The Audit Committee shall (a) oversee the financial reporting framework; (b) monitor and evaluate the adequacy and effectiveness of the internal control system; (c) oversee the internal audit function; (d) oversee the external audit function; (e) oversee the implementation of corrective actions; (f) investigate significant issues/concerns raised; and (g) establish whistleblowing mechanism. (As amended on _____)</p>	Revision is proposed to align with Section 133 of the Manual of Regulations for Banks
3	N/A	<p>ARTICLE VI THE RISK OVERSIGHT COMMITTEE</p>	Revision is proposed to align with

		<p>1. COMPOSITION AND FUNCTIONS – There shall be a Risk Oversight Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, majority of whom shall be independent directors, including the chairperson. The chairperson of the Risk Oversight Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees. (As amended on _____)</p> <p>The Risk Oversight Committee shall advise the Board of Directors on the Bank’s overall current and future risk appetite, oversee senior management’s adherence to the risk appetite statement, and report on the state of the risk culture of the Bank. The Risk Oversight Committee shall (a) oversee the risk management framework; (b) oversee adherence to risk appetite; and (c) oversee the risk management function. (As amended on _____)</p>	<p>Section 133 of the Manual of Regulations for Banks</p>
4	N/A	<p>ARTICLE VII THE CORPORATE GOVERNANCE COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be a Corporate Governance Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson.</p> <p>The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities. The Corporate Governance Committee shall (a) oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors; (b) oversee the continuing education program for the Board of Directors; (c) oversee the performance evaluation process; and (d) oversee the design and operation of the remuneration and other incentives</p>	<p>Revision is proposed to align with Section 133 of the Manual of Regulations for Banks</p>

		policy. (As amended on _____)	
5	N/A	<p>ARTICLE VIII</p> <p>THE RELATED PARTY TRANSACTIONS COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Related Party Transactions Committee composed of at least three (3) members of the Board of Directors and two (2) of whom shall be independent directors, including the chairperson, as may be elected by the Board. The committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising of majority of the members. The compliance officer is the committee secretariat.</p> <p>The Related Party Transactions Committee shall (a) evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent changes are captured; (b) evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, that no corporate or business resources of the Bank are misappropriated or misapplied, and continuous determination on the relevant potential reputational risk; (c) ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Bank’s RPT exposures and policies on conflict of interest; (d) report to the Board of Directors on a regular basis the status of exposures to each related party; (e) ensure transactions with related party are subject to periodic review; and (f) oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures. (As</p>	Revision is proposed to align with Section 133 of the Manual of Regulations for Banks

		amended on _____)	
6	<p>ARTICLE V OFFICERS AND AGENTS OF THE BANK 3. CHAIRMAN OF THE BOARD - The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the Chairman of the Executive Committee. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p>	<p>ARTICLE X OFFICERS AND AGENTS OF THE BANK 3. CHAIRMAN OF THE BOARD – The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the Chairman of the Executive Committee. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p> <p><u>The Chairman of the Board shall be a non-executive director or an independent director, and must not have served as CEO of the Bank within the past three (3) years.</u> (As amended on _____)</p>	Revision is proposed to realign duties of the Board Chairman pursuant to Section 132 of the MORB, and in compliance with a BSP finding during its Regular Examination of the BANK.
7	ARTICLE V OFFICERS AND AGENTS OF THE BANK	<u>ARTICLE X</u> OFFICERS AND AGENTS OF THE BANK	
	ARTICLE VI HONORARY TITLES	<u>ARTICLE XI</u> HONORARY TITLES	
	ARTICLE VII TRANSFER OF SHARES	<u>ARTICLE XII</u> TRANSFER OF SHARES	
	ARTICLE VIII FISCAL YEAR, DIVIDENDS, RESERVES, AND ACCOUNTS	<u>ARTICLE XIII</u> FISCAL YEAR, DIVIDENDS, RESERVES, AND ACCOUNTS	
	ARTICLE X STOCK OPTIONS, WARRANTS, AND OTHER SIMILAR INSTRUMENTS	<u>ARTICLE XIV</u> STOCK OPTIONS, WARRANTS, AND OTHER SIMILAR INSTRUMENTS	
	ARTICLE XI SEAL	<u>ARTICLE XV</u> SEAL	
	ARTICLE XII These By-Laws or any part thereof may be amended, modified, altered, or repealed, or new by-laws adopted by	<u>ARTICLE XVI</u> These By-Laws or any part thereof may be amended, modified, altered, or repealed, or new by-laws adopted by	

majority vote of the subscribed capital stock at a regular or special meeting duly called for the purpose. The registered owners of two-thirds of the subscribed capital stock may delegate to the Board of Directors the power to amend or repeal any by-law or adopt new by-laws, provided, however, that any such power delegated to the Board of Directors shall be considered revoked whenever a majority of the Stockholders of the Bank shall so vote at a regular or special meeting. (Amended on August 4, 2000)	majority vote of the subscribed capital stock at a regular or special meeting duly called for the purpose. The registered owners of two-thirds of the subscribed capital stock may delegate to the Board of Directors the power to amend or repeal any by-law or adopt new by-laws, provided, however, that any such power delegated to the Board of Directors shall be considered revoked whenever a majority of the Stockholders of the Bank shall so vote at a regular or special meeting. (Amended on August 4, 2000)	
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Other Matters

The following is a summary of the acts of Management since the last Annual Meeting in 2020 to date which will be submitted for ratification to the stockholders during the coming Annual Meeting:

Date	Particulars																				
July 14, 2020	<p>The Bank disclosed the Result of Annual Meeting of Stockholders and Organizational Board Meeting:</p> <p>Board of Directors for Year 2020-2021:</p> <p style="text-align: center;">Eric O. Recto Leonardo B. Dayao Patricia May T. Siy Lucio L. Co Susan P. Co Bunsit Carlos G. Chung. Gregorio T. Yu Levi P. Labra Jack Ekian T. Huang Jaime J. Bautista</p> <p style="text-align: center;">Jesus S. Jalandoni, Jr. - Independent Director Emmanuel Y. Mendoza- Independent Director Gilda E. Pico- Independent Director Conrado A. Gloria, Jr.- Independent Director Bienvenido E. Laguesma- Independent Director</p> <p>Corporate Officers of the Bank for Year 2020-2021:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Chairman of the Board:</td> <td>Eric O. Recto</td> </tr> <tr> <td style="text-align: right;">Vice Chairman:</td> <td>Leonardo B. Dayao</td> </tr> <tr> <td style="text-align: right;">President and CEO:</td> <td>Patricia May T. Siy</td> </tr> <tr> <td style="text-align: right;">EVP & Chief Operating Officer:</td> <td>John Howard D. Medina</td> </tr> <tr> <td style="text-align: right;">SVP & Treasurer</td> <td>Alan E. Atienza</td> </tr> <tr> <td style="text-align: right;">EVP & Corporate and Commercial Banking Group Head</td> <td>Victor O. Martinez</td> </tr> <tr> <td style="text-align: right;">SVP & Chief Trust Officer</td> <td>Josephine G. Cervero</td> </tr> <tr> <td style="text-align: right;">SVP & Comptroller</td> <td>Arlene M. Datu</td> </tr> <tr> <td style="text-align: right;">SVP & Transaction Banking Group Head</td> <td>Expedito G. Garcia, Jr.</td> </tr> <tr> <td style="text-align: right;">SVP & Branch Sales and Distribution Head</td> <td>Erico C. Indita</td> </tr> </table>	Chairman of the Board:	Eric O. Recto	Vice Chairman:	Leonardo B. Dayao	President and CEO:	Patricia May T. Siy	EVP & Chief Operating Officer:	John Howard D. Medina	SVP & Treasurer	Alan E. Atienza	EVP & Corporate and Commercial Banking Group Head	Victor O. Martinez	SVP & Chief Trust Officer	Josephine G. Cervero	SVP & Comptroller	Arlene M. Datu	SVP & Transaction Banking Group Head	Expedito G. Garcia, Jr.	SVP & Branch Sales and Distribution Head	Erico C. Indita
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SVP & Branch Sales and Distribution Head	Erico C. Indita																				

SVP & General Services Group Head:	Jane Lim-Laragan
SVP & General Counsel:	Jorge Alfonso C. Melo
SVP & OIC of Consumer Finance Group:	Ricardo R. Mendoza
FVP & Deputy General Counsel	Jo-anne R. Legaspi
FVP & Chief Risk Officer	Lorelle Paula B. Arjonillo
FVP & Chief Audit Executive	Jeruel N. Lobien
FVP & Human Resources Group Head	Mina F. Martinez
FVP & Chief Information Officer	Ariel A. Roda
SAVP & Chief Compliance Officer:	Angelita U. Egalin
Corporate Secretary and Corporate Information Officer:	Michael Stephen H. Lao
Assistant Corporate Secretary:	Alexandra L. Delos Santos

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

Executive Committee:

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

Risk Oversight Committee:

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

Governance Committee:

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

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

Audit Committee:

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

Trust Committee

- a) Eric O. Recto (Chairman)
- b) Jesus S. Jalandoni, Jr. (Independent Directors)
- c) Patricia May T. Siy
- d) Jack Ekian T. Huang
- e) Josephine G. Cervero (Chief Trust Officer)

	<u>Related Party Transactions Committee</u> a) Jesus S. Jalandoni, Jr. (Chairman/ Independent Director) b) Conrado A. Gloria, Jr. (Independent Director) c) Gilda E. Pico (Independent Director) d) Levi B. Labra
July 14, 2020	The Bank disclosed the Amendments to By-Laws (Annual Stockholders' Meeting)
September 2, 2020	The Bank disclosed the Statement of Condition as of June 30, 2020
December 4, 2020	The Bank disclosed the Statement of Condition as of September 30, 2020
December 17, 2020	The Bank disclosed the Resignation of Atty. Jorge Alfonso Melo, SVP, General Counsel and Head of the Legal Services Group (Effective December 31, 2020)
December 28, 2020	The Bank disclosed the Resignation of Mr. Ricardo R. Mendoza, SVP, Consumer Finance Group (effective January 1, 2021)
January 14, 2021	The Bank disclosed the Directors' Attendance for 2020 (Annex "H")
January 27, 2021	The Bank disclosed the appointment of Ms. Dreda Teresa D. Mendoza as FVP, Trust Officer & Trust & Wealth Management Group Head effective 1 March 2021
February 3, 2021	The Bank disclosed its Reply to the Exchange's Query on Consent to Publish Personal and Sensitive Personal Information of the Principal Officers of the Bank as indicated in PBC's Statement of Condition
February 3, 2021	The Bank disclosed the Statement of Condition as of December 31, 2020
April 28, 2021	The Bank disclosed the Notice of Stockholders' Meeting for 2021

Voting Procedures

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

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

Every stockholder is entitled to one vote. However, with respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.

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

Proxies must be submitted to the Corporate Secretary not later than 5:00 p.m. on or before 07 June 2021.

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Revised Corporation Code of the Philippines. Counting will be done by

tabulation of the votes by the Corporate Secretary with the assistance of his staff and the stock and transfer agent.

Corporate Governance

PBCOM Board of Directors and Management, employees and shareholders, believe that Corporate Governance is a necessary component of what constitutes sound strategic business management. Thus, the Bank has undertaken every effort necessary to create awareness for this within the organization. Aside from the BSP-required attendance on corporate governance seminar prior to bank directors' BSP confirmation, all PBCOM Directors and Senior Management are required to attend an annual continuing education program on Corporate Governance and Risk Awareness. Seminars on Anti-Money Laundering (AML) are also being conducted whenever there are significant updates in the Anti-Money Laundering Act. The Board, Senior Management and all employees conduct themselves with utmost honesty and integrity in the discharge of their duties, functions and responsibilities, thus nurturing the continuing success of the Bank and securing its competitiveness in the best interest of the Bank, its shareholders and other stakeholders. Bank Officers promote the good governance practices within the Bank by ensuring that policies on governance are consistently adopted across the organization, with measurable standards, initiatives and specific responsibilities and accountabilities for each personnel.

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

1. It is the Bank's objective to enhance shareholders' value by making the most efficient use of resources. Its human capital strategy is one of its vital focus areas, as it is a principal indicator for the company's success.
2. The Board of Directors constitutes Board Committees namely: Governance, Audit, Risk Oversight, Related Party Transaction and Trust Committees which are all chaired by Independent Directors and composed of majority of Independent Directors, all of whom have a good understanding of the business.
3. The Governance Committee is responsible for ensuring the Board's effectiveness and due observance of Corporate Governance principles and guidelines. They assist the Board of Directors in fulfilling its corporate governance responsibilities. Attached is the 2020 Summary of the Performance Evaluation of the Board and Board Committees (**Annex "I")**
4. The Governance Committee, through its Nominations Sub-Committee, ensures the quality of its leadership, consistent with its "fit and proper" rule when selecting its Directors and Senior Management Team, while the Performance Evaluation Sub-Committee, recommends and oversees the implementation of a Performance Management Process for Senior Management and the Members of the Board, review performance vis-a-vis agreed upon objectives, evaluate progress made with respect to Senior Management Directors Development plans, monitor changes in professional affiliations, personal status even health, which could have qualifications, resignation and succession implications.
5. Transparency in its Annual Reports is ensured and reflects true and fair accounting information prepared in accordance with applicable standards; disclose and discuss all material risks; and disclose and explain the rationale for all material estimates. Disclosures are all completed in a timely manner.
6. To ensure that all act in the best interest of the Bank, full disclosure by its Directors, Officers and Employees on any actual or expected conflict of interest is required
7. The Bank's Corporate Governance Manual, Code of Ethics and Code of Conduct clearly states Management's philosophy and compliance standards.

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

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

FINANCIAL AND OTHER INFORMATION

Financial Statements

Copies of the audited financial statements for the period ended December 31, 2020 shall be made available to the stockholders in the Bank's website at <https://www.pbcom.com.ph/>.

Item I – The Company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business of Registrant

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

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

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

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

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

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

Contribution to Operating Income

The contribution to Operating Income is broken down as follows: (1) 71.7% is derived from net interest income, this includes interest income from lending, investment securities and others receivables less interest expense and finance charges (2) 28.3% is from non-interest income consisting of trading gains, service charges, fees and commissions, income from trust operations, profit/loss from asset sold, foreign exchange gain/loss, rental income and miscellaneous income.

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

Distribution Methods of Products and Services

The Parent Bank's liability and ancillary products and services are distributed primarily through its 93 branches, 4 of which are in Pop-Up formats situated in selected Puregold stores.

PBCOM clients may also conduct their transaction in various channels such as the 159 automated teller machines deployed in strategic branch sites and in 67 off-site locations. In addition, the Bank has also deployed 61 Cash Deposit Machines across various sites to help service the deposit transactions of its clients.

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

Competition

As of end 2020, the Philippine commercial banking industry is composed of 25 commercial banks (KB) of which 5 are private domestic commercial banks and 20 are foreign banks with either established subsidiaries or foreign branch licenses.

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

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

Customers

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

Subsidiaries and Affiliates

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

On January 11, 2021, the Board of Directors of PBCOM approved the dissolution and retirement of business of PISAI. PISAI, which has been inactive for the past 3-years, has continuously remained inactive but continued to incur operating expenses. PBCOM does not see any need for the subsidiary and have decided to retire the business operations.

To date, PBCOM is in the process of filing the retirement of PISAI's business operations.

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

Transaction with and/or Dependence on Related Parties

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

As required by BSP, the Bank discloses loan transactions with its associates, affiliates and with certain directors, officers, stockholders and related interests (DOSRI). As of December 31, 2020 the Bank is compliant with DOSRI rules and regulations.

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

Effect of Existing or Probable Government Regulations

Bangko Sentral ng Pilipinas

The Bank fully complies with the required capitalization for commercial banks without expanded banking licenses (non-unibank) as prescribed by the BSP. The Bank's consolidated qualifying capital as of end-December 31, 2020 stood at ₱14.67 Billion while its capital to risk assets ratio under the BASEL III reporting standards covering credit, market and operational risks as reported to BSP remained well above the 10% prescribed cap at 18.87%.

Bureau of Internal Revenue

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

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

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

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

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

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

Research and Development Activities

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

Employees

As of December 31, 2020, the Parent bank has 1,027 employees with 752 officers and 275 rank-and-file. All rank-and-file employees are covered by a 3-year collective bargaining agreement (CBA) signed last September 21, 2018, with effect until December 31, 2020. Negotiations are ongoing for the CBA to cover the next two-year period from January 1, 2021 to December 31, 2023. There had been neither dispute nor occurrence of employees’ strike for the past years.

Risk Management

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

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

ERM Vision, Mission, Philosophy and Objectives

Risk Vision Statement

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

Risk Mission Statement

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

ERM Philosophy

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

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

ERM Objectives

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

PBCOM Enterprise Risk Governance

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

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

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

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

Capital Management

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

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

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

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

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

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

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

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

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

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

Market, Liquidity and Interest Rate Risk Management

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

Liquidity risk refers to the possibility that the Bank will be unable to meet its financial obligations in any currency. To ensure compliance, the Bank requires daily monitoring of regulatory ratios such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Bank also monitors liquidity risk exposures using the following limits: liquidity contingency indicators, liquidity funding concentration, and Maximum Cumulative Outflow (MCO). Liquidity stress testing is also performed to

measure the impact of stressful scenarios to the Bank's MCO profile. The Bank also applies Liquidity Risk Assessment Matrix to assess its overall liquidity risk profile. In managing liquidity risk, the Bank also maintains substantial holdings of Highly Liquid Assets (HQLA) which can easily be converted to cash.

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

Credit Risk Management

Credit Risk Management Process

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

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

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

Credit Exposure Limits

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

Other Credit Enhancements

Exposure to credit risk is also managed in part by obtaining collateral, suretyships, or guarantees. The amount and type of security required depends on an assessment of the credit risk of the counterparty. In order to minimize credit loss, additional security is sought from the borrower when impairment indicators are observed for the relevant individual loans and advances. The Bank implements guidelines on the acceptability and valuation parameters of specific classes of collateral for credit risk mitigation. The main types of collateral obtained are as follows: (i) for securities lending and reverse repurchase

transactions: cash or securities; (ii) for commercial lending: mortgages over real estate properties, machineries, inventories, and trade receivables; and (iii) for retail lending: mortgages over residential properties and vehicles. It is the Bank's policy to dispose of repossessed properties in an orderly and timely fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

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

Operational Risk Management

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

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

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

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

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

The Bank's Technology Risk Management Framework continues to provide strengthened foundation and guidance on how the Bank should effectively manage emerging technology risks. It incorporates the requirements under existing BSP regulations and which takes into account that strategic, operational, compliance, and reputational risks are periodically reviewed and updated to ensure that all risks in the

Bank's technology-enabled products, services, delivery channels, and processes are effectively managed and that any gaps are being regularly monitored and addressed.

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

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

Fraud Risk Management is also an integral part of the enterprise-wide and is inherent in every business unit's operational risk management of the Bank. The enterprise-wide platform of the business in risk management enhances the quality and dexterity of the Bank's overall management capabilities in addressing fraud and operational risks while transforming to digital strategies.

Strategic steps taken by the Bank toward an effective fraud risk reduction program are:

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

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, which imposes specific technical safeguards as well as governance, risk assessment, monitoring and testing, reporting and other requirements. PBCOM information security management systems, framework, practices, and standards have also been created and referenced their contents on globally renowned frameworks, standards and good practices such as ISO/IEC 27002 and 27001; NIST Special Publications regarding information and cyber security; and COBIT Framework for Information Security.

The Bank 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. PBCOM consistently monitors, develops and improves their information technology networks and security infrastructure to prevent, deter, detect and timely mitigate risks of security threats to Bank's information and information systems/resources. This year 2020, amidst the uncertainty and increasing

security threats and attacks brought about by the COVID-19 global pandemic, PBCOM is continuously evaluating and enhancing their systems and creating new systems and processes as their business depends on their ability to maintain and improve technology systems for interacting with customers, partners, affiliates and employees.

Cybersecurity risk is an important, constant, and evolving focus of PBCOM. Despite the increase sophistication and frequency of cyber security threats and attacks, PBCOM Information Security Division (ISD) continues to develop and employ additional preventative measures to continually challenge the Bank's defenses and controls against cyber-attacks and ensure adequate protection of the Bank's information and information assets that matter to their customers. The Bank recognizes the need to institute a cybersecurity culture within PBCOM; thus, constantly promote security awareness to their people and customers.

Data Privacy Management

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

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

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

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

Trust Risk Management

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

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

- a. Periodic stress testing of Trust and Wealth portfolio
- b. Risk Management Dashboard
- c. Risk Limit Monitoring

- d. Risk Control Self-Assessments (RCSA)
- e. Trust Risk Management Policies

Item 2. Properties

PBCOM's Head Office is located at PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City. The Bank currently owns 50% of PBCOM Tower which was constructed under a Joint Development Agreement with Filinvest Asia Corporation. The Bank has a total of 93 branches and 4 branch-lites as of December 31, 2020. Most of these are located in the metropolitan areas of Luzon, Visayas and Mindanao.

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

Item 3. Legal Proceedings

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

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

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

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

Market Price and Dividends

A. Dividends History:

There are no dividends declared for the years ended December 31, 2020, 2019 and 2018.

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

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

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

Stock Prices:

	2021		2020		2019		2018	
	High	Low	High	Low	High	Low	High	Low
1 st Quarter	₱23.45	₱20.10	20.80	17.00	₱23.95	₱18.02	₱24.45	₱21.50
2 nd Quarter			24.00	16.00	22.40	20.05	20.05	20.00
3 rd Quarter			18.00	16.70	22.90	20.40	20.55	20.45
4 th Quarter			23.00	16.50	22.55	20.40	20.20	19.78

As of May 4, 2021 the closing price of the Bank's common share was ₱22.00.

C. Holders

As of record date, May 14, 2021, there are 398 shareholders of the Bank's 480,645,163 issued and outstanding common shares, 17,276,631 or 3.59% of which are owned by foreigners.

The top 20 registered stockholders of the Bank as of May 14, 2021 are as follows:

	Name of Shareholder	Nationality	No. of Shares	%
1	P.G. Holdings, Inc.	Filipino	186,241,408	38.75%
2	VFC Land Resources, Inc.	Filipino	71,619,038	14.90%
3	PCD Nominee Corporation:	Filipino	51,155,884	11.06%
		Non-Filipino	1,995,804	
4	Eric O. Recto	Filipino	49,835,776	10.37%
5	Ralph C. Nubla, Jr.	Filipino	46,519,036	9.68%
6	Telengtan Brothers & Sons, Inc.	Filipino	31,859,844	6.63%
7	Langford Universal Finance Ltd.	BVI	15,263,964	3.18%
8	La Suerte Workmen's Compensation Fund	Filipino	7,687,833	1.60%
9	TTC Development Corporation	Filipino	4,181,665	0.87%
10	Roxas-Chua, Ray Anthony Go	Filipino	3,070,724	0.64%
11	Cham, Edison Siy	Filipino	1,790,853	0.37%
12	KLG International, Inc.	Filipino	1,790,853	0.37%
13	Yu, Gregorio T.	Filipino	1,432,692	0.30%
14	Chungunco, Raymond N.	Filipino	604,011	0.13%
15	TFC Holdings, Inc.	Filipino	562,588	0.12%
16	Chung, Bunsit G. (a.k.a. Carlos G. Chung)	Filipino	550,716	0.11%
17	Chung, Patricia Regine K.	Filipino	261,294	0.05%
18	Chung, Philippe Ryan K.	Filipino	261,294	0.05%
19	Ching, Winnifred	Filipino	187,798	0.04%
20	Ching, Jeffrey	Filipino	175,505	0.04%

Recent Sale of Unregistered Securities

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

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

Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Management's Discussion & Analysis

Financial Condition & Results of Operations: 2020 (Consolidated)

The Bank registered a net income of ₱1.17 Billion for 2020. This is an ₱11.7 Million or 1% improvement from the 2019's net income of ₱1.16 Billion despite recognizing an additional ₱1.0 Billion provision for credit losses as a result of credit score deterioration mainly due to the COVID-19 pandemic. ₱720.5 Million or 22.5% improvement in net interest income was primarily the result of the decline in interest expense from lower cost of fund and lower volume. This and higher loan volume in 2020, primarily in corporate loans, have compensated the drop in interest income due to the decline in yields and the loan payment holiday as a result of the Bayanihan to Heal as One Act. Other operating income also contributed to the increase in net income, which is mainly driven by higher trading gain in 2020. Total operating expenses went up by 29.7% mainly because of higher provisions for losses recognized in the current period. This was partially offset by lower depreciation & amortization and lower occupancy costs.

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

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

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

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

Financial Condition & Results of Operations: 2019 (Consolidated)

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

expense by ₱94.3 Million, and Taxes and licenses by ₱81.2 Million partially offset by the decline in Occupancy and other equipment-related costs by ₱113.7 Million and lower Compensation and benefits by ₱61.7 Million from lower headcount.

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

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

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

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

Financial Condition & Results of Operations: 2018 (Consolidated)

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

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

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

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

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

The total assets of the PBCOM Group stood at ₱103.7 Billion while total liabilities and equity amounted to ₱93.4 Billion and ₱10.3 Billion, respectively, as of December 31, 2018. Total liquid assets slightly went up by ₱1.97 Billion due to increase in trading and investment securities by 15% notwithstanding the Group's increase in lending activities which resulted to a ₱6.7 Billion increase in loans and receivable. Despite increase in loans, the Group's non-performing loans (NPL) decreased by ₱7.6 Million. Consequently, the Group's gross NPL ratio declined by 0.69% from 5.09% in 2017 to 4.40% in 2018 as a result of improved collection efforts.

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

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

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

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

(2) Discussion of various key indicators:

A. Key Performance Indicators

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

B. Financial Soundness

Ratio	December 2020 (Consolidated)	December 2019 (Consolidated)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets</i>	43.40%	31.16%	Declined by 12.24 % pts. due to higher increase in total liquid assets than increase in

include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.			deposits
Debt Ratio (Total Liability to Total Asset) Debt refers to the total liabilities while assets is the total assets	87.62%	88.95%	Decline by 1.33% pts Is mainly from decline in liabilities, mostly from bills payable
Asset to Equity Ratio (Total Asset to Total Equity)	8.08	9.05	Declined by 0.97 pts. due to decline in total assets and higher equity
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	231%	177%	Increased by 54% pts. primarily from lower interest expense, partially offset by lower Earnings before interest & taxes
Net Interest Margin Net interest income over Average Earning assets	4.64%	3.85%	Higher NIM by 79bps mainly from lower interest expense

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

(in thousands)	Increase/(Decrease)	Percentage Change	Explanation
Cash and Other Cash Items	(231,583)	-8.58%	Lower cash on hand mainly those with service provider
Due from Bangko Sentral ng Pilipinas	10,384,347	101.67%	Higher mostly from ODF
Due from Other Banks	1,137,525	317.78%	Higher funds with foreign banks
Interbank Loans Receivable	5,336,718	743.55%	Higher investment in GS Repo in 2020
Financial Assets at Fair Value through Profit or Loss	(949,533)	-56.93%	Lower investments in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	(2,956,546)	-36.53%	Sale of investments in FVOCI
Investment Securities at Amortized Cost	(10,586,144)	-82.39%	Lower due to sale of HTC in 2020
Loans and Receivables	(3,633,047)	-5.93%	Decline in outstanding loan primarily in corporate loans
Property and Equipment	(79,593)	-8.17%	Decline mainly due to depreciation recognized for the period
Investment Properties			
Office units for lease	(351)	-10.72%	Decline due to depreciation recognized for the period
Intangible Assets	(59,563)	-8.85%	Lower mostly due to amortization of software during the period, partially offset by acquisitions
Deposit Liabilities			
Demand	3,660,678	13.46%	Higher volume of demand deposits
Savings	484,672	5.28%	Higher volume of savings deposits
Time	3,773,285	10.31%	Higher volume of time deposits
Bills Payable	(10,881,980)	-83.29%	Lower primarily in BP-REPO
Outstanding Acceptances	405,958	441.96%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	(254,711)	-57.52%	Lower un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses	90,357	12.68%	Higher expense accruals, partially offset by lower accrued interest
Income Tax Payable	123,425	526.53%	Lower deductible expense

Deferred Tax Liabilities – net	(782)	-100.00%	Recognized DTA for 2020
Other Liabilities	(66,603)	-5.71%	Lower lease liability and lower security deposit
Deficit	1,168,446	41.63%	Net income for the period and transfer to surplus reserves
Unrealized gain on equity securities carried at fair value through other comprehensive income	12,161	13.83%	Higher unrealized gain on FVOCI
Cumulative translation adjustment	20,200	8.72%	Higher CTA
Remeasurement gains (losses) on retirement liability	(26,796)	-34.21%	Higher cumulative amount of actuarial losses

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

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Investment securities	(224,699)	-38.19%	Lower interest income mainly due to decrease in volume mainly in HTC as a result of the sale in 2020
Financial Assets at Fair Value through Profit or Loss	(79,290)	-49.77%	Decrease from lower yields
Interbank loans receivable and securities purchased under resale agreements	52,500	130.45%	Increase from higher volume
Deposits with other banks	120,427	1005.15%	Increase from higher volume of investments in BSP ODF
INTEREST AND FINANCE CHARGES			
Deposit liabilities	(580,128)	-38.63%	Decline from lower cost of funds, mainly in TDs
Bills payable, borrowings and others	(414,666)	-73.82%	Decrease in interest expense mainly due to lower cost of funds and lower volume
OTHER INCOME			
Rent income	(62,927)	-8.55%	Lower PAS 17 adj mainly due to reversals of PY accruals of contracts that pre-terminated and contracts with rate reductions in 2020.
Trading and securities gain (loss) – net	246,318	60.31%	Higher trading gains, mostly realized
Profit (loss) from assets sold	(90,960)	-93.06%	Lower gain on sale of ROPA
Foreign exchange gain - net	9,312	18.67%	Increase from higher gain from fx revaluation
Income from trust operations	4,594	21.78%	Higher trust fees during the comparative period due to diversification of products and services, coupled with appropriate pricing strategy to differentiate products/services according to complexity
Gain (loss) on assets exchange – net	8,693	73.36%	Lower loss on ROPA foreclosures
Miscellaneous	20,619	14.96%	Higher penalties from pre-termination of rental agreements, lower loss on derecognition of asset, and higher dividends from investments
OPERATING EXPENSE			
Depreciation and amortization	(65,326)	-14.65%	Lower depreciation mainly from fully amortized LRI of branches, fully depreciated furniture and fixture and office equipment in 2020 and lower AL ROPA depreciation due to sale in 2019
Provision for credit and impairment losses – net	1,040,615	275.58%	Higher provision requirement in 2020 mostly due to deterioration of credit

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

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

(3) Other material events and/or uncertainties:

- The Bank does not anticipate any cash flow or liquidity problems in the next 12 months after year-end 2020.
- The Bank does not foresee any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are no material commitments for capital expenditures.
- The Bank remain cautious in expanding its loan portfolio given the on-going effect of the pandemic on the economy while the Executive Committee (EXCOM) stays vigilant with its loan approvals.
- There are no significant elements of the Bank's income in 2020 that did not arise from continuing operations.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.

(2) Discussion of various key indicators:

A. Key Performance Indicators

Ratio	December 2019 (Consolidated)	December 2018 (Consolidated)	Remarks
Profit Margin (Net income divided by Gross income)	22.91%	15.35%	Net income rose by ₱531 Million resulting to a higher profit margin compared to previous year
Return on Average Asset (Net income divided by Average assets)	1.12%	0.63%	Increase in net income and average assets for the year ended resulted to an increase ROA of 0.49% compared to previous year
Return on Average Equity (Net income divided by Average Equity)	10.68%	6.18%	Higher net income by 84.80% and average equity resulted to an increase in return on average

equity)			equity compared to the previous year.
Capital Adequacy Ratio <i>Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)</i>	16.47%	14.56%	Movement in Capital Adequacy Ratio is attributable to increase in qualifying capital by 14.48%. It remains however above the 10% minimum CAR required by the BSP.
Basic Earnings per share <i>Net income divided by average no. of common shares)</i>	2.41	1.30	The Bank's good financial performance resulted to a higher net income which resulted to an improved basic earnings per share.

B. Financial Soundness

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

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

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

Savings	1,369,631	17.54%	Higher due to increase in volume of low-cost source of funds
Time	-6,463,989	-15.01%	Lower TD volume due to the Bank's efforts to increase volume of low-cost source of funds
Bills Payable	-4,594,259	-26.02%	Lower bills payable- PN and BSP overnight lending
Outstanding Acceptances	45,511	98.20%	Due to higher bills of exchange accepted by the Bank
Manager's Checks	345,364	354.41%	Higher un-negotiated MC's as of reporting date
Income Tax Payable	19,706	527.60%	Utilization in 2018 of excess MCIT of prior years
Deferred Tax Liabilities – net	-65,479	-98.82%	Due to sale of subsidiary
Other Liabilities	330,525	39.50%	Higher mainly due to lease liability recognized in compliance with PFRS 16 (none yet as of Dec 2018)

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

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Loans and receivables	745,120	20.01%	Higher interest income mainly due to increase in yields and volume
Deposits with other banks	1,136	10.47%	Higher investment volume in other banks
INTEREST AND FINANCE CHARGES			
Deposit liabilities	339,768	29.24%	Higher due to higher cost of funds
Bills payable, borrowings and others	93,015	19.85%	Higher due to higher cost of funds and recognition of interest expense of lease liability in compliance with PFRS 16
NET INTEREST INCOME			
Rent income	75,324	11.40%	Higher contract rates from renewals and vacancy in 2019
Service charges, fees and commissions	64,592	18.84%	Increase mainly because of higher TFR income and penalty interest
Profit (loss) from assets sold	107,301	-1122.16%	Higher gain on sale of ROPA
Income from trust operations	5,388	34.30%	Higher trust fees during the comparative period from increase in assets under management
Trading and securities gain (loss) – net	385,078	1650.22%	Higher net realized and unrealized gains
Gain (loss) on assets exchange – net	(24,983)	-190.23%	Losses from ROPA foreclosures
Miscellaneous	23,606	20.67%	Higher other loans fees and interest & penalties from leasing
Compensation and fringe benefits	(61,733)	-5.93%	Lower costs from lower headcount
Taxes and licenses	81,186	14.95%	Higher from increase in GRT from higher income, higher local business tax, partially offset by lower DST costs
Provision for credit and impairment losses – net	167,699	79.89%	Higher provision requirement in 2019
Depreciation and amortization	59,062	15.26%	Higher depreciation mainly from the impact of depreciation of right of use asset in compliance with PFRS 16
Occupancy and other equipment-related costs	(113,701)	-46.61%	Lower rent expense mainly from the impact of recognition of depreciation of right of use asset instead of rent expense in compliance with PFRS 16
Management and professional fees	(6,446)	-5.70%	Lower consultancy fees
Communications	(4,984)	-9.29%	Lower leased line charges
Miscellaneous	94,332	27.90%	Increase is mainly due to higher brokerage fees, litigation costs, information tech expenses, business promo costs, etc.

Share in net income of an associate	281	112.40%	Share of net income from PFC
Provision for income	(23,890)	-10.56%	Recognition of deferred tax assets on allowance on impairment and remeasurement on retirement liability
Net income (loss) from discontinued operation	(253,371)	-1014.99%	Loss from sale pf PBCRB

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

(3) Other material events and/or uncertainties:

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

(2) Discussion of various key indicators:

A. Key Performance Indicators

Ratio	December 2018 (Consolidated)	December 2017 (Consolidated, as restated)	Remarks
Profit Margin (Net income divided by Gross income)	14.20%	9.77%	Higher growth in revenues mainly due to increase in total interest income by 21%.
Return on Average Asset (Net income divided by Average assets)	0.63%	0.45%	Increase in net income and average assets for the year ended resulted to an increase ROA of 0.18% pts compared to the previous year
Return on Average Equity (Net income divided by Average equity)	6.18%	4.39%	Increase in net income by 58% and increase in average equity resulted to a higher return on average equity compared to the previous year.
Capital Adequacy Ratio (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	14.56%	15.85%	Movement in Capital Adequacy Ratio is attributable to increase in risk weighted assets by 11%. It remains however above the 10% minimum CAR required by the BSP.
Basic Earnings per share (Net income divided by average no. of common shares)	1.30	0.82	The Bank's good financial performance resulted to a higher net income which resulted to an improved basic earnings per share.

B. Financial Soundness

Ratio	December 2018 (Consolidated)	December 2017 (Consolidated, as restated)	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities. Total deposit refers to the total of peso and foreign currency deposits.</i>	51.65%	51.27%	Minimal increase in the liquidity ratio is attributed to net effect of increases in both liquid assets and total deposits
Debt Ratio (Total Liability to Total Asset) <i>Debt refers to the total liabilities while assets is the total assets</i>	90.05%	89.53%	A minimal increase in total debt ratio is due to growth of liabilities by 9.74%, which outweighed the increase in total assets by 9.1%
Asset to Equity Ratio (Total Asset to Total Equity)	1005%	956%	The 9.13% growth in total assets outweighed the 3.79% growth in equity, thereby increasing the total asset to equity ratio
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	150%	158%	Decrease of 7.33 % pts. because the growth in earnings before interest & taxes by 52% was outweighed by the growth in interest expense by 59%
Net Interest Margin Net interest income over Average Earning assets	4.02%	4.27%	Decrease is due to higher growth in average earning assets of 14% than increase in net interest income by 7%

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

	Increase/(Decrease)	Percentage Change	Explanation
Cash and Other Cash Items	₱415,663	42.67%	Higher cash on hand, mainly those in held cash centers
Due from Other Banks	(786,340)	-67.44%	Lower investment in DFOB's
Interbank Loans Receivable	(327,961)	-61.31%	Lower investment in interbank loans during the period
Financial Assets at Fair Value through Profit or Loss	(1,847,255)	-67.41%	Lower investment in FVTPL
Financial Assets at Fair Value through Other Comprehensive Income	6,701,515	7393.63%	Increase as a result of the new FVOCI model adopted by the Bank.
Investment Securities at Amortized Cost	(2,075,602)	-13.46%	Decline mainly as a result of reclassification of HTC securities to FVOCI
Loans and Receivables	6,726,311	12.61%	Growth in corporate and consumer loan volume
Property and Equipment	(86,650)	-7.81%	Depreciation recognized for the period
Investment Properties			
Office units for lease	(1,249)	-31.23%	Depreciation and transfer from bank premises
Intangible Assets	(40,404)	-5.43%	Lower due to amortization of software during the year partially offset by acquisitions
Deferred Tax Assets - net	(8,268)	-50.13%	Utilization of DTA on excess minimum income tax over regular income tax against income tax.
Other Assets	₱134,259	19.24%	Higher due to recognition of retirement plan assets and higher creditable withholding taxes
Deposit Liabilities			
Savings	(518,884)	-6.23%	Decline in volume of savings deposits
LTNCD	2,902,730	100.00%	Maiden issuance of Long Term Negotiable Certificates of Time Deposit (LTNCD)
Bills Payable	5,091,684	40.52%	Higher due to increase in volume of borrowings from deposit substitutes and bills payable – REPO

Outstanding Acceptances	(17,741)	-27.68%	Due to lower bills of exchange accepted by the Bank
Manager's Checks	(329,958)	-77.20%	Lower un-negotiated MC's as of reporting date
Accrued Interest, Taxes and Other Expenses	263,343	62.45%	Higher accrued interest payable and accrued taxes and licenses
Income Tax Payable	(9,723)	-72.25%	Utilization of DTA on excess minimum income tax over regular income tax against income tax.

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

(in thousands)	Increase (Decrease)	Percentage	Remarks
INTEREST INCOME			
Loans and receivables	₱812,347	25.26%	Higher corporate and consumer loan volume and improvement in yields
Interbank loans receivable and securities purchased under resale agreements	2,386	6.13%	Higher income due to increase in ave. volume and yields
Deposits with other banks	(4,481)	-28.31%	Lower investment volume in other banks
INTEREST AND FINANCE CHARGES			
Deposit liabilities	384,343	46.05%	Higher cost of funds and increase in volume
Bills payable, borrowings and others	247,239	109.80%	Higher cost of funds and increase in volume
NET INTEREST INCOME			
Rent income	97,758	17.36%	Higher due to contract renewals and new contracts at higher rates
Service charges, fees and commissions	20,240	5.58%	Higher TFR fees
Foreign exchange gain - net	(19,834)	-28.42%	Lower FX revaluation (unrealized) gain
Trading and securities gain (loss) - net	36,579	-276.21%	Higher net realized and unrealized gains
Profit (loss) from assets sold	(11,654)	-38.17%	Lower gain on sale from ROPA
Gain (loss) on assets exchange - net	15,161	280.45%	Higher gains from ROPA foreclosures
OPERATING EXPENSES			
Taxes and licenses	118,095	25.82%	Higher DST costs from TRAIN implementation and higher GRT accrued and paid
Provision for credit and impairment losses - net	(70,859)	-20.93%	Lower provision requirement in 2018
Occupancy and other equipment-related costs	36,166	16.12%	Higher PBCOM Tower repairs and maintenance costs, higher armored car rental due to increase in volume of cash pick-ups for clients, higher office rent from new branches and contract renewals with increased rates, higher storage costs of ROPA
Insurance	17,754	13.55%	Higher PDIC insurance from higher deposits
Management and professional fees	7,935	7.34%	Higher consultancy fees
Security, clerical, messengerial and janitorial services	16,391	17.44%	Higher security costs due to increase in agency fees & wage order increases

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

(3) Other material events and/or uncertainties:

- The Bank does not anticipate any cash flow or liquidity problems in the next 12 months after year-end 2018.
- The Bank does not foresee any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- There are no material commitments for capital expenditures.
- There are no uncertainties regarding the sustainability of economic growth of the country which may pose challenges in the Bank's drive to expand its loan portfolio. Any negative impact of a slower economic growth, however, may be overcome or mitigated at the very least by aggressive spread management initiatives.
- There are no significant elements of the Bank's income in 2018 that did not arise from continuing operations.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.

SEC FORM 17-Q

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Management's Discussion & Analysis

The Bank registered a net income of ₱259.1 Million for the first quarter of 2021, a ₱189.5 Million or 42.2% than the ₱448.7 Million earned in the same period last year. Total operating income decreased by ₱369.2 Million or by 24.4%, primarily from trading losses incurred during the current quarter, causing a ₱303.2 Million decline.

Net interest income for the period amounting to ₱994.0 Million fell slightly by 2.8% primarily from lower loan and investments yields and decline in loan volume. Fees increased mostly due to higher commitment fees while rent income declined due to vacancies of leased floors, pre-terminations, and re-negotiated contracts of tenants as a result of the COVID-19 crisis. These and the trading losses recognized for the first quarter mainly caused the total other operating income to decrease by ₱340.3 Million. Total operating expenses went down by 23.4% mainly because of lower provisions for losses recognized in the current period. Lower compensation costs from lower headcount and decline in taxes and licenses from lower GRT also contributed to the drop in operating expenses.

Total Assets of the Group decreased by ₱274.8 Million from ₱101.2 Billion as of December 2020 to ₱101.0 Billion at the end of the first quarter of 2021. This is primarily due to ₱12.0 Billion lower Due from the BSP from investment in Overnight Deposit Facility (ODF) and ₱5.3 Billion lower Interbank Loans Receivable from investment in GS Repo, offset by ₱12.1 Billion higher investments in Financial Assets at Fair Value through Other Comprehensive Income, ₱7.0 Billion increase in Investment Securities at Amortized Cost.

The Group's gross NPL ratio increased to 5.79% from the end of 2020 level of 5.71%.

Total Liabilities amounted to ₱88.5 Billion with a slight decrease of 0.2% from the last year's end level of ₱88.7 Billion. This resulted mostly from ₱2.53 Billion decline in deposit liabilities, mainly from lower time deposit volume, partially offset by ₱2.47 Billion increase in bills payable. Total Capital amounted to ₱12.47 Billion from ₱12.53 Billion last December 2020. This slight decline is due to unrealized loss on Financial Assets at Fair Value through Other Comprehensive Income, offset by the earnings of the Bank as of the first quarter.

The Group's consolidated Risk-Based Capital Adequacy ratio is 18.50% under BASEL 3 and is well above the 10% minimum requirement despite the global crisis on COVID-19. The ratio covers credit, market and operational risks for the first three (3) months of 2021.

2. Discussion of various key indicators:

A. Key Financial Performance (consolidated)

Ratio	March 2021	March 2020	Remarks
Net Profit Margin (Net income divided by Gross income)	22.61%	29.61%	Net profit margin decreased by 7.0 % pts. due to lower net income driven by lower operating income
Return on Average Asset (Net income divided by Average assets)	0.26%	0.44%	Decrease by 19 bps from lower net income during the current period driven by lower total operating income
Return on Average Equity (Net income divided by Average equity)	2.07%	3.91%	Return on average equity decreased by 1.84 % pts. from lower net income during the current period driven by lower total operating income from the results of the current operations.
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by total of risk-weighted assets that include credit, market and operational risk)	18.50%	16.81%	Capital ratio improved by 1.69% as a result of higher qualifying capital by ₱970 million and lower total risk weighted assets by ₱2.15 billion
Basic Earnings per share (Net income divided by average no. of common shares)	0.54	0.93	Decrease in basic earnings per share by ₱0.39 from lower net income during the current period.

B. Financial Soundness (consolidated)

Ratio	March 2021	December 2020	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total deposit refers to the total of peso and foreign currency deposits.</i>	47.51%	43.40%	Ratio increased by 4.11 % pts., mainly due to higher liquid assets in relation to total deposits which declined as of Mar2021
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities while assets refers to total Assets</i>	87.65%	87.62%	Debt ratio slightly increased by 3bps as a result of decrease in total assets mostly in investments in BSP ODF.
Asset to Equity Ratio (Total Asset to Total Equity)	8.10	8.08	Ratio improved by 2bps mainly as result of slight decline in equity as a result of unrealized loss on Financial Assets at at Fair Value through Other Comprehensive Income
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	393.97%	238.20%*	Bank's interest rate coverage increased by 155.76 % pts. due to decline in interest expense mainly from lower cost of funds
Net Interest Margin Net interest income over Average Earning assets	1.25%	1.22%*	Ratio went up by 3 bps primarily from higher impact of lower average earning assets than the decline in net interest income

* As of March 2020

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

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(810,101)	-32.84%	Lower cash on hand mainly those in on hand and those with service provider
Due from BSP	(11,965,265)	-58.09%	Lower mostly due to decline in placement in ODF
Due from Other Banks	(951,083)	-63.60%	Lower funds with foreign banks
Interbank Loans Receivable	(5,263,293)	-86.93%	Lower investment in GS Repo
Financial assets at Fair Value through Profit or Loss	(222,924)	-31.04%	Lower investments in FVTPL
Financial assets at Fair Value thorough Other Comprehensive Income	12,109,932	235.70%	Additional investments in FVOCI
Investment securities at Amortized Cost	6,973,548	308.11%	Additional Investments in HTC
Loans and Receivables	(198,661)	-0.34%	Decline in outstanding loan primarily in import/ export loans and home loans
Investment in a subsidiary and associate	42	0.30%	Share in net income for the period
Property and Equipment	(23,612)	-2.64%	Decline due to depreciation recognized for the period

Investment Properties	(9,310)	-0.39%	Depreciation of ROPA Bldg., condo and office units for lease offset by ROPA acquisitions
Intangible Assets	(24,037)	-3.92%	Lower mostly due to amortization of software during the period, partially offset by acquisitions
Deferred tax assets	1,410	0.83%	
Other Assets	108,555	13.96%	Higher primarily from increase in prepaid expenses
Demand Deposits	2,485,239	8.05%	Higher deposits volume primarily in Demand deposits and Savings Deposits as the Bank prioritizes low-cost funding
Savings Deposits	128,074	1.33%	
Time Deposits	(5,147,110)	-12.75%	
Bills Payable	2,471,524	113.22%	Increase in BP-interbank call loans and bills payable – REPO
Outstanding Acceptances	(341,758)	-68.65%	Due to lower bills of exchange accepted by the Bank
Manager's Checks	162,185	86.22%	Higher un-negotiated MC's as of report date
Accrued Interest, Taxes and Other Expenses Payable	(815)	-0.10%	Lower mostly due to lower accrued interest
Income Tax payable	99,367	67.66%	Higher income tax due for the period
Other Liabilities	(69,354)	-6.30%	Lower mainly due to decline in various accounts payables

Statement of Income and Expenses: January-March 2021 vs January-March 2020 (consolidated)

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	(147,135)	-60.62%	Lower interest income mainly due to drop in yields in 2021, partially offset by higher volume
Interest Income on Loans and receivable	(155,761)	-13.75%	Lower interest income mainly due to drop in yields in 2021 and lower average volume
Interest Income on IBCL	7,209	37.80%	Increase from higher volume, mainly in GS REPO
Interest Income on Deposit with other Banks and others	20,289	333.32%	Higher income from increase in volume mainly in ODF
Interest Expense on Deposit Liabilities	(165,090)	-57.17%	Decline from lower cost of funds, mainly in TDs
Interest Expense on Bills payable, borrowings and others	(81,354)	-91.82%	Decrease in interest expense mainly due to lower volume and lower cost of funds
Trading and Securities Gain – net	(303,167)	-191.09%	Lower trading gains, mostly realized
Rent Income	938,248	-20.05%	Lower mainly due to impact of vacancies of leased floors, pre-terminations, and re-negotiated contracts of tenants as a result of the COVID-19 crisis
Service Charges, Fees & Commissions	6,054	6.71%	Higher mostly due to increase in commitment fees
Foreign Exchange Gain (Loss) –Net	2,111	39.63%	Increase is mainly due to higher foreign exchange revaluation gain in 2021
Gain on asset exchange	(10,773)	-112.44%	Lower gain and net loss on ROPA foreclosures vs prior year
Profit/(Loss) from Assets Sold/Exchanged	792	150.57%	Higher gain on sale of ROPA
Income from Trust Operations	260	4.13%	Higher trust fees during the comparative period due to diversification of products and services, coupled with appropriate pricing strategy to differentiate products/services according to complexity
Miscellaneous Income	2,704	8.77%	Mostly from higher dividends received
Compensation and Fringe Benefits	(28,385)	-10.87%	Lower mainly from lower headcount
Taxes and Licenses	(19,064)	-12.13%	Lower GRT, partially offset by higher DST
Depreciation and Amortization	10,690	12.05%	Higher amortization of software
Occupancy and other equipment-related costs	(2,658)	-9.43%	Lower electricity and water consumption
Provision for impairment losses	(200,766)	-95.65%	Lower provision for credit costs in 1Q
Miscellaneous	7,618	3.07%	Increase in litigation expenses
Provision for income tax	52,836	72.41%	Higher tax expense in 2021 due to shift of tax regime from MCIT to RCIT in 2021

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

a. The Bank has experienced an increase in past due levels in loans due to the outbreak of COVID-19.

This necessitated an increase in loan provisions. However, a gradual pick-up in business activity is expected as the government gradually relaxes the quarantine measures.

- b. The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- c. As of March 31, 2021, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement, and facilities improvement amounted to ₱43.4 Million.
- d. The full impact of the pandemic is still unknown and this may affect the performance of the Bank should this further prolong. However, the Bank has taken prudent steps to mitigate the risk through more prudent credit process, tighter credit policies and, more importantly, continue its assessment of our portfolio by regularly doing the stress test exercise.
- e. There is no recorded significant income or losses during the quarter that did not come from the Bank's regular operations.
- f. Interest income on non-discounted loan is recognized based on the accrual method of accounting while unearned discounts are amortized to income over the term of the loans. As such, there is no seasonal aspect that has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are largely dependent on market dynamics and economic trends rather than on seasonal factors.

UNDERTAKING

The Bank will post and make available for download the full version of this SEC Form 20-IS (Definitive Information Statement), together with its annexes including the Bank's 2020 consolidated Audited Financial Statements in the Bank's website at www.pbcom.com.ph/ upon its approval by the Securities and Exchange Commission.

The Bank will likewise post, make available for download, its Interim Unaudited Financial Statements for the first quarter of 2021 on SEC Form 17-Q in the Bank website at www.pbcom.com.ph/ on June 7, 2021.

Upon the written request of a stockholder, the Bank will provide, without charge, hard copies of the Bank's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) and SEC Form 17-Q (Unaudited Financial Statements for the first quarter of 2021) duly filed with the Securities and Exchange Commission. The stockholder may be charged a reasonable cost for photocopying the exhibits.

All requests may be sent to the following address:

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

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

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 10 May 2021.

PHILIPPINE BANK OF COMMUNICATIONS
Issuer

By:


MICHAEL STEPHEN H. LAO
Corporate Secretary

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

2021 ANNUAL STOCKHOLDERS’ MEETING (“ASM”)

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

A. Electronic Voting or Voting in Absentia

1. Stockholders as of 14 May 2021 may register and vote through PBCOM’s website at <https://www.pbcom.com.ph/> until 5:00 p.m. Philippine Time of 7 June 2021. To access the voting portal at PBCOM’s website, stockholders are required to provide their: (i) complete name, (ii) stock certificate number, (iii) valid e-mail address, and (iv) contact number to the Office of the Corporate Secretary via e-mail at CorporateSecretary@pbcom.com.ph, subject to verification and validation procedures. Stockholders who registered and voted before the cut-off time will be counted for purposes of quorum.
2. An e-mail will be sent by the Office of the Corporate Secretary to the stockholder containing his/her username and default password in order to login in the voting portal. Once inside the portal, the system will prompt the stockholder to change his/her password. After the password has been changed, the system will require the stockholder to upload a scanned copy of a valid ID to confirm his/her identity. It is strongly recommended that stockholders do not share their username and password with any other person and take utmost care to keep their username and password confidential.
3. Stockholders may register at the voting portal by providing the following requirements:
 - a. For Individual Stockholders**
 - i. Valid email address and active contact number (landline or cellphone);
 - ii. One (1) valid identification card (ID)¹; and
 - iii. Any stock certificate issued by PBCOM in the name of the individual stockholder.
 - b. For Stockholders with Joint Accounts**
 - i. An authorization letter signed by one of stockholders indicating the name of the person authorized to cast the votes;
 - ii. Valid email address and active contact number for the authorized stockholder;
 - iii. One (1) valid identification card (ID) of the authorized stockholder; and
 - iv. Any valid stock certificate issued by PBCOM in the name of joint stockholders.
 - c. For Stockholder under PCD Nominee or “Scripless Shares”**
 - i. Stockholders should coordinate with their broker/s and request for the full account name and reference number or account number they provided to PBCOM;

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

- ii. Valid email address and active contact number; and
- iii. Any stock certificate issued by PBCOM in the name of the stockholder.

d. For Corporate Stockholders

- i. Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
 - ii. Valid email address and active contact number for the authorized representative;
 - iii. One (1) valid identification card (ID) of the authorized representative; and
 - iv. Any valid stock certificate in the name of the corporate stockholder.
4. The online voting portal contains the agenda items for approval as set out in the Notice for the 2021 ASM.
- (a) For items other than the election of Directors, stockholders have the option to vote: In Favor of, Against, or Abstain.
 - (b) For election of Directors, stockholders have the option to vote his shares for all nominees, not vote for any nominees, or vote for one or some nominees only, in such number of shares as the stockholder prefers; provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The system will automatically compute the total number of votes the stockholder is allowed to cast, based on the number of shares he owns.
 - (c) Once the stockholder completes his votes, he can proceed to submit the accomplished form by clicking the "Submit" button.
 - (d) After the ballot has been submitted, the stockholder may no longer change his/her vote.
5. Thereafter, the Office of the Corporate Secretary will send a confirmation email to the stockholder once his/her account has been verified and his/her vote has been recorded. If the account of a stockholder cannot be verified, then the votes cast by the non-verified stockholder shall not be recorded.
6. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes cast through proxies. If a stockholder cast his or her vote electronically *in absentia* and also executed a proxy form, the latest vote received by the Office of the Corporate Secretary will be counted.
7. Note that the online voting portal is open until 5:00 p.m. Philippine Time of 07 June 2021. The voting function in the voting portal will be disabled after this time to give the Office of the Corporate Secretary time to collate and validate votes received through the portal. Stockholders will not be able to cast votes during the livestream of the 2021 ASM.

B. Attendance by Remote Communication

- 1. Stockholders who intend to participate in the 2021 ASM remotely may register using the link to be provided in PBCOM's website at <https://www.pbcom.com.ph/> (Annual Stockholders' Meeting) until 5:00 p.m. Philippine Time of 07 June 2021.
- 2. To register, stockholders will need the requirements under Item A.3 above, depending on the type of ownership. Stockholders will also need to upload a valid ID as proof of identity.

3. Upon successful registration, the stockholder will receive an email confirmation and a unique link which will be used to log in and view the 2021 ASM livestream.
4. Please note that due to the limitations of available technology, voting will not be possible during the 15 June 2021 ASM livestream, but participants may send questions or remarks via the livestream portal. Stockholders may also send questions and/or remarks in advance or during the meeting to the Corporate Secretary at CorporateSecretary@pbcom.com.ph.
5. Stockholders shall be responsible for their internet connectivity during the ASM.

The proceedings during the 2021 ASM will be recorded in video and audio format. For any questions and concerns, stockholders may visit PBCOM's website at <https://www.pbcom.com.ph/> or contact the Office of the Corporate Secretary via e-mail at CorporateSecretary@pbcom.com.ph or at telephone no. (+632) 8830-7062.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CONRADO A. GLORIA, JR.** Filipino, of legal age, and a resident of No. 90 East Drive, Marikina Heights, Marikina City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the **Philippine Bank of Communications** ("PBCOM") a commercial banking institution duly organized and existing under the Philippine laws with principal office at PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City, and have been its independent director since June 4, 2019.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
GIV Capital Holdings Corporation	President & CEO	10-01-2016 to present
Miguel & Maria Group of Restaurants, Inc.	Corporate Secretary	5-30-2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PBCOM as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other issuances.
4. I am not related to any director/officer/substantial shareholder of PBCOM and its subsidiaries and affiliates as provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of PBCOM of any changes in the abovementioned information within five (5) days from its occurrence.

Done this ____ day of _____ at _____.


CONRADO A. GLORIA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 14 2021 at MAKATI CITY
affiant exhibited to me his TIN 120-117-327-000.

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Page No. 18
Book No. XII
Series of 2021.



ATTY. GERVAO B. ORTIZ JR.
Notary Public, City of Makati
Extended Until June 30, 2021
P.R. B.M. No. 3795
IBF No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M 183-(2019-2020)
PTR No. 8531811 Jan 4, 2021
Makati City Roll No. 40091
101 Urban Ave. Cambook Rueda Bldg.
Brgy. Pio del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BIENVENIDO E. LAGUESMA**, Filipino, of legal age, and a resident of No. 19 Acacia Street, Southgreen Village, Tandang Sora, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the **Philippine Bank of Communications** ("PBCOM") a commercial banking institution duly organized and existing under the Philippine laws with principal office at PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City, and have been its independent director since October 30, 2019.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Laguesma Magsalin & Consulta Law Offices	Partner	2001 to present
Cosco Capital, Inc.	Independent Director	2017 to present
Da Vinci Capital Holdings, Inc.	Independent Director	2020 to present
Maritime Academy of Asia and the Pacific	Director	2019 to present
Anda Power Corporation	Director	2020 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PBCOM as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other issuances.
4. I am not related to any director/officer/substantial shareholder of PBCOM and its subsidiaries and affiliates as provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of PBCOM of any changes in the abovementioned information within five (5) days from its occurrence.

Done this ____ day of _____ at _____.


BIENVENIDO E. LAGUESMA
 Affiant

SUBSCRIBED AND SWORN to before me this MAY 07 2021 at CITY OF MAKATI,
affiant exhibited to me his TIN 135-071-243-000.

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ATTY. GERVACIO B. ORTIZ JR.

Notary Public City of Makati

Extended Until June 30, 2021

Per B.M. No. 3795

IBP No. 05729-Lifetime Member

MCLE Compliance No. VI-0024312

Appointment No. M-183-(2019-2020)

PTR No. 8531011 Jan. 4, 2021

Makati City Roll No. 40091

101 Urban Ave. Campos Rueda Bldg.

Brgy. Pio del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, EMMANUEL Y. MENDOZA, Filipino, of legal age, and a resident of No. 149 Swallow Drive, Greenmeadows Subdivision, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

- 1. I am a nominee for Independent Director of the Philippine Bank of Communications ("PBCOM") a commercial banking institution duly organized and existing under the Philippine laws with principal office at PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City, and have been its independent director since December 19, 2014.
2. I am affiliated with the following companies or organizations:

Table with 3 columns: Company, Position/Relationship, Period of Service. Rows include Mendoza Querido & Co (Managing Partner, 2004 to present) and MQ Agri Unlimited Inc. (President, 2010 to present).

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PBCOM as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other issuances.
4. I am not related to any director/officer/substantial shareholder of PBCOM and its subsidiaries and affiliates as provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of PBCOM of any changes in the abovementioned information within five (5) days from its occurrence.

Done this ___ day of ___ at ___

EMMANUEL Y. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 07 2021 at CITY OF MAKATI affiant exhibited to me his TIN 102-092-096-000.

Doc. No. 174
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ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Extended Until June 30, 2021
Per B.M. No. 3795
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERT Y. COKENG**, Filipino, of legal age, with office address at 5TH Floor, Citibank Center, 8741 Paseo de Roxas, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the **Philippine Bank of Communications** ("PBCOM") a commercial banking institution duly organized and existing under the Philippine laws with principal office at PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City.
2. I am affiliated with the following companies or organizations:

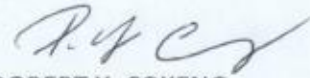
Company	Position/Relationship	Period of Service
F&J Finance Holding Corp.	Chairman/President	More than 20 years
Magellan Capital Holdings Corp.	Chairman/President	"
Magellan Utilities Dev. Corp.	Chairman/President	"
Pinamucan Industrial Estate Inc.	Chairman	"
Consolidated Tobacco Ind. Of the Philippines	Chairman/President	"
Center Industrial and Investment Inc.	Chairman/President	"
Malabrigo Corporation	Chairman/President	"
Pinamucan Power Corp.	Chairman/President	"
Essential Holdings Ltd.	Managing Director	"
Pointwest Technologies Corp.	Chairman	More than 10 years
Pointwest Innovation Corp.	Chairman	"
Business Process Outsourcing Int'l.	Chairman/Executive Committee Director	"
Cosco Capital, Inc.	Independent Director	Since 8-30-2013
IPADS Developers Inc.	Chairman	5 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PBCOM as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other issuances.
4. I am not related to any director/officer/substantial shareholder of PBCOM and its subsidiaries and affiliates as provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.



8. I shall inform the Corporate Secretary of PBCOM of any changes in the abovementioned information within five (5) days from its occurrence.

Done this _____ day of _____ at _____.



ROBERT Y. COKENG
Affiant

SUBSCRIBED AND SWORN to before me this MAY 21 2021 at Makati City,
affiant exhibited to me his competent proof of identity. *DL # No. 2-01-4484243 expiring 6/6/2023*

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BUENAVENTURA O. MENDOZA

NOTARY PUBLIC
Until December 31, 2021
PTR No. 8590875 Makati City-01/04/21
IBP No. 131129 10-23-2020 Roll No. 31206
MCLE Compliance No. 01-0021653
500-A Maconal Bldg, Avila Ave., Makati City
Extended until June 30, 2021 per DJM No. 3795

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GILDA E. PICO** Filipino, of legal age, and a resident of No. 23 Winchester St., Hillsborough Subdivision, Alabang Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the **Philippine Bank of Communications** ("PBCOM") a commercial banking institution duly organized and existing under the Philippine laws with principal office at PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City, and have been its independent director since February 22, 2017.
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Producers Savings Bank	Chairman of the Board	2016 to present
Masuerte Rural Bank	Chairman	October 12, 2020 to present
PayMaya Philippines	Independent Director	2017 to present
Marinor Development Corporation	Director/Treasurer	1980 to present
Gilart Holdings Corporation	President	June 2006 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PBCOM as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other issuances.
4. I am not related to any director/officer/substantial shareholder of PBCOM and its subsidiaries and affiliates as provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code.
5. I disclose that, as far as I can remember, I am the subject of the following criminal/administrative investigation or proceeding:

Offense Charged/Investigated	Tribunal or Agency Involved	Status
<i>Administrative:</i> Grave Misconduct and Conduct Prejudicial to the Best Interest of the Service	Supreme Court	The Office of the Ombudsman filed a Petition for Review of the Decision of the CA finding the undersigned not guilty of the offense charged. Still awaiting Supreme Court resolution on the said pending petition.
Section 3(g) of R.A. No. 3019	Office of the Ombudsman	Ombudsman already filed an information in court. However, upon motion of the respondents, the case was suspended on the ground of prejudicial question in a civil case

		<p>filed by SMC Global against LBP, et. al.</p> <p>The Petition for Certiorari (questioning OMB Resolution) filed with Supreme Court is still pending thereat.</p>
--	--	--

6. I am not an officer or an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of PBCOM of any changes in the abovementioned information within five (5) days from its occurrence.

Done this ____ day of _____ at _____.


GILDA E. PICO
 Affiant

SUBSCRIBED AND SWORN to before me this MAY 07 2021 at CITY OF MAKATI, affiant exhibited to me her TIN 112-411-729-000.

Doc. No. 17b
 Page No. 36
 Book No. XII
 Series of 2021.


ATTY. GERVACIO B. ORTIZ JR.
 Notary Public City of Makati
 Extended Until June 30, 2021
 Per B.M. No. 3795
 IBP No. 05729-Lifetime Member
 MCLE Compliance No. VI-0024312
 Appointment No. M 183-(2019-2020)
 PTR No. 8541011 Jan. 4, 2021
 Makati City Roll No. 40091
 101 Urban Ave. Campos Rueda Bldg.
 Brgy. Pio del Pilar, Makati City

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

ANNEX " F "

SECRETARY'S CERTIFICATE

I, **MICHAEL STEPHEN H. LAO**, of legal age, Filipino and with office address at PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the Corporate Secretary of the **PHILIPPINE BANK OF COMMUNICATIONS** (the "Bank"), a commercial banking corporation organized under Philippine laws, with office address at 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, Metro Manila.
2. That the following directors and officers of the Bank are not presently connected with any government agency or government-owned or controlled corporation:

Directors:

Eric O. Recto
Leonardo B. Dayao
Patricia May T. Siy
Lucio L. Co
Susan P. Co
Bunsit Carlos G. Chung
Jack Ekian T. Huang
Levi B. Labra
Gregorio T. Yu
Jaime J. Bautista
Conrado A. Gloria, Jr.
Bienvenido E. Laguesma
Emmanuel Y. Mendoza
Gilda E. Pico

Officers:

John Howard D. Medina
Alan E. Atienza
Victor O. Martinez
Arlene M. Datu
Exedito G. Garcia
Erico C. Indita
Jane Lim-Laragan
Michael Stephen H. Lao

IN WITNESS WHEREOF, I have hereunto affixed my signature this 10 May 2021 at Makati City, Philippines.


MICHAEL STEPHEN H. LAO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 10 2021, affiant exhibiting to me his Philippine Passport No. P20384918 issued by the Department of Foreign Affairs, Manila on 21 June 2019 and valid until 20 June 2029.

Doc. No. 105
Page No. 22
Book No. 26
Series of 2021.


BUENAVENTURA U. MENDOZA
NOTARY PUBLIC
Until December 31, 2021
PTR No. 8590373 Makati City-01/04/21
IBP No. 131129 10-23-2020 Roll No. 31206
MCLE Compliance No. II-0021653
500-A Madrigal Bldg, Ayala Ave., Makati City
Extended until June 30, 2021 per B.M. No. 3795

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF THE
PHILIPPINE BANK OF COMMUNICATIONS**

PBCOM Tower, 6795 Ayala Avenue cor. V.A. Rufino Street, Makati City
July 14, 2020 at 2:00 p.m.
(Via Video Conferencing)

ATTENDANCE:

<u>STOCKHOLDERS PRESENT/REPRESENTED*</u>	<u>NO. OF SHARES</u>	<u>PERCENTAGE</u>
PROXIES	371,694,164	77.33
IN PERSON	52,153,555	10.85
TOTAL ATTENDANCE	423,847,719	88.18

*-List of Attendees attached as Annex "A"

PROCEEDINGS**I. CALL TO ORDER**

The Chairman of the Board, Mr. Eric O. Recto, called the meeting to order and presided over the same. He then proceeded to introduce the members of the Board present during the meeting:

Leonardo B. Dayao
Lucio L. Co
Patricia May T. Siy
Bunsit Carlos G. Chung
Susan P. Co
Jack Ekian T. Huang
Levi B. Labra
Gregorio T. Yu
Conrado A. Gloria, Jr. – Independent Director
Jesus S. Jalandoni, Jr. – Independent Director
Bienvenido E. Laguesma – Independent Director
Gilda E. Pico – Independent Director

Henry Y. Uy – Board Adviser

The Corporate Secretary, Atty. Michael Stephen H. Lao, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Secretary certified the fact that following the SEC's guidelines on alternative modes of distributing copies of the notices, the Bank has caused the publication of the said notice in two (2) newspapers of general circulation for two (2) consecutive days in both print as well as online format.

In compliance with *SEC Memorandum Circular No. 6, Series of 2020*, the annual meeting was conducted via video/teleconference. The Secretary gave a roll call, after which the attending members of the Board of Directors and the stockholders present each stated, for the record, their full names and locations. All the members of the Board and the stockholders present confirmed that they could completely and clearly see and/or hear one another and that they received the agenda and all the materials for the meeting. The aforementioned also disclosed their location and the specific type of device, which they were using for said video/teleconference.

The Secretary then proceeded to certify the existence of a quorum there being present, via video/audio conferencing, stockholders owning a total of 423,847,719 shares representing at least 88.18% of the 480,645,163 outstanding shares of the Bank.

III. REVIEW AND APPROVAL OF MINUTES OF PREVIOUS MEETING HELD ON JUNE 4, 2019

The Chairman directed the Corporate Secretary to read the previous minutes of the stockholders' meeting held on June 4, 2019.

Upon motion made and duly seconded, the reading of said minutes was dispensed with. Thereafter, the Chairman submitted the minutes for approval and upon motion made and duly seconded, said minutes was unanimously approved, confirmed and ratified.

IV. ANNUAL REPORT OF MANAGEMENT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR 2019

The Chairman turned over the floor to Ms. Patricia May T. Siy, President & CEO to render Management's Report for 2019.

The President started her report by saying that 2019 is an important year for PBCOM because it marked the Bank's 80th anniversary as well as the 5th year of the strategic investment of Mr. Lucio Co and his group of companies.

She then presented a video to the Board of Directors, Senior Management Team (SMT), shareholders and partners present during the meeting to highlight the Bank's achievements for the last five (5) years and its 2019 financial performance, as stated below:

PBCOM has a rich history marked by resilience and strength beginning in 1935.

Since then, we have seen a lot of changes, and amidst all these, one thing remains constant: PBCOM continues to grow.

In 2019, we celebrate our 80th year, and the 5th year of Mr. Lucio Co's entry to PBCOM.

- Eight decades of growing together...
- Eight decades of serving with PRIDE.

In the last 5 years, with innovation and inclusion as our focus, we have seen growth on all fronts:

- Growth in Customers
 - 2019 – 199,196
 - 2014 – 96,827
- Growth in Footprint
 - 2019
 - 193 ATM & Cash Deposit Machines
 - 92 Branches
 - 2014
 - 170 ATM & Cash Deposit Machines
 - 85 Branches
- Growth in Deposit
 - 2019 – P88.9B
 - 2014 – P62.5B
- Growth in Loans
 - 2019 – P61.3B
 - 2014 – P33.5B

- Growth in Capital
 - 2019 – P11.3B
 - 2014 – P7.2B

As we continue to work together through our transformation, we make great strides in bringing PBCOM closer to the Filipinos.

- We deployed remote cash and check deposit machines to corporate partners. This makes self-service banking anytime and anywhere possible.
- We introduced PBCOM POP-UP branches in select Puregold Supermarkets. Easy & accessible banking strategically located in your favorite retail store.
- We initiated OPLAN IPON, a basic financial wellness program. Its digital awareness materials and interactive talks were able to reach & teach more than 15,000 Filipinos.
- We got approval to launch PBCOMobile, our all-digital banking platform. It will allow clients to open an account and do their transactions with just the mobile app.

FINANCIAL HIGHLIGHTS

Consolidated Net Income:

- 85% increase vs. previous year
- driven by strong core business

Operating Income

- Operating Income grew 24.0%
- Net Interest Income 12% better at P3.2B
- Non-Interest Income increased 53% to P1.8B
- Trading of fixed income and currency instruments surged to P458.3M

Cost to Income Ratio

- Manageable OPEX increase of **1.4%** despite continued **investments** in digital platform, branch network and resource development

Total Assets

- Corporate and Commercial loan portfolio grew by 19.0% as we exited our dealer-generated auto loans

Total Funds

- Funding came largely from low cost deposits which comprise 41% of total funding source

Capital & CAR

- PBCOM remains in a very strong capital position
 - Total Equity is at P11.4 Billion
 - Risk Based Capital ratio of 16.47%
 - Common Equity Tier 1 ratio of 13.69%

Beyond 80, we remain steadfast to learn new things and face new challenges
 Beyond 80 we will lead where it counts: Innovation, Service, and Partnership
 Beyond 80, with the support of a loyal, supportive and strong base of customer.
 PBCOM will continue to grow.

After the President's presentation, upon motion made and duly seconded, the Management Report and the Bank's Audited Financial Statements for the year ended December 31, 2019 previously distributed to the stockholders were unanimously approved.

V. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE LAST ANNUAL MEETING OF STOCKHOLDERS

The next item in the agenda was the ratification of the acts and proceedings of the Board of Directors and Management since the last annual meeting of the stockholders as they appear in the minutes of the Board meetings and in the disclosures and reports made to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange, Inc. (PSE).

Upon motion made and duly seconded, all the stockholders present and represented in the meeting approved and ratified the acts of the Board of Directors and Management since the last annual meeting of the stockholders.

VI. AMENDMENT OF THE BY-LAWS TO INCLUDE BANGKO SENTRAL NG PILIPINAS (BSP)-PRESCRIBED BOARD LEVEL COMMITTEES OF THE BANK

Upon motion made and duly seconded, the stockholders unanimously approved the following amendments to the Bank's By-Laws:

PHILIPPINE BANK OF COMMUNICATIONS – BY LAWS		
	Current Provision	Proposed Revision
1	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS - There shall be an Executive Committee composed of not more than seven (7) members of the Board of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on June 18, 1996)</p>	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS- There shall be an Executive Committee <u>composed of at least five (5) members of the Board</u> of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on _____)</p>
2	No Provision	<p>ARTICLE V</p> <p>THE AUDIT COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be an Audit Committee composed of at least three (3) members of the Board of Directors, as may be elected by the Board, who shall all be</p>

		<p>non-executive directors, majority of whom shall be independent directors, including the chairperson. The chairperson of the Audit Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.</p> <p>The Audit Committee shall (a) oversee the financial reporting framework; (b) monitor and evaluate the adequacy and effectiveness of the internal control system; (c) oversee the internal audit function; (d) oversee the external audit function; (e) oversee the implementation of corrective actions; (f) investigate significant issues/concerns raised; and (g) establish whistleblowing mechanism. (As amended on _____)</p>
3	No Provision	<p>ARTICLE VI</p> <p>THE RISK OVERSIGHT COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Risk Oversight Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, majority of whom shall be independent directors, including the chairperson. The chairperson of the Risk Oversight Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees. (As amended on _____)</p> <p>The Risk Oversight Committee shall advise the Board of Directors on the Bank’s overall current and future risk appetite, oversee senior management’s adherence to the risk appetite statement, and report on the state of the risk culture of the Bank. The Risk Oversight Committee shall (a) oversee the risk management framework; (b) oversee adherence to risk appetite; and (c) oversee the risk management function. (As amended on _____)</p>
4	No Provision	<p>ARTICLE VII</p> <p>THE CORPORATE GOVERNANCE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Corporate Governance Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson.</p> <p>The Corporate Governance Committee shall</p>

		assist the Board of Directors in fulfilling its corporate governance responsibilities. The Corporate Governance Committee shall (a) oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors; (b) oversee the continuing education program for the Board of Directors; (c) oversee the performance evaluation process; and (d) oversee the design and operation of the remuneration and other incentives policy. (As amended on _____)
5	No Provision	<p>ARTICLE VIII</p> <p>THE RELATED PARTY TRANSACTION COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Related Party Transaction Committee composed of at least three (3) members of the Board of Directors and two (2) of whom shall be independent directors, including the chairperson, as may be elected by the Board. The committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising of majority of the members. The compliance officer is the committee secretariat.</p> <p>The Related Party Transaction Committee shall (a) evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent changes are captured; (b) evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, that no corporate or business resources of the Bank are misappropriated or misapplied, and continuous determination on the relevant potential reputational risk; (c) ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Bank’s RPT exposures and policies on conflict of interest; (d) report to the Board of Directors on a regular basis the status of exposures to each related party; (e) ensure transactions with related party are subject to periodic review; and (f) oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures. (As amended on _____)</p>
6	ARTICLE IX TRUST DEPARTMENT	<p>ARTICLE IX</p> <p>THE TRUST COMMITTEE</p>

<p>xxx</p> <p>3. COMPOSITION OF TRUST COMMITTEE- The Trust Committee shall be composed of five (5) members; three (3) Directors who are appointed by the Board of Directors on a regular rotation basis and who are not operating officers of the Bank; the President; and the Trust Officer. Three (3) of its members shall constitute a quorum for the transaction of business. The Chairman of the trust Committee shall be one of the three directors. No member of the trust committee shall also sit as member of the audit committee. (As amended on June 20, 1989.</p> <p>xxx</p>	<p>3. COMPOSITION AND FUNCTIONS OF THE TRUST COMMITTEE – There shall be a Trust Committee composed of at least five (5) members, who shall consist of the President, the Trust Officer, and the remaining three (3) of whom shall be independent directors, as may be elected by the Board. All members of the Trust Committee must not be part of the Audit Committee. In case there are more than five (5) members, majority shall be composed of qualified non-executive members. The members of The Trust Committee shall report directly to the board of directors and is primarily responsible for overseeing the fiduciary activities of the bank.</p> <p>The Trust Committee shall (a) ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices; (b) ensure that policies and procedures that translate the board’s objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective; (c) oversee the implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities; (d) adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions; (e) oversee and evaluate performance of the trust officer; (f) conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and (g) report regularly to the board of directors on matters arising from fiduciary activities. (As amended on _____)</p>
<p>7 ARTICLE V</p> <p>OFFICERS AND AGENTS OF THE BANK</p> <p>3. CHAIRMAN OF THE BOARD - The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the Chairman of the Executive Committee. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p>	<p>ARTICLE X</p> <p>OFFICERS AND AGENTS OF THE BANK</p> <p>3. CHAIRMAN OF THE BOARD – The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall have the power and authority of supervision and control over the affairs of the Bank and such other powers and duties as may be prescribed by the Board of Directors. (As amended on _____)</p>

VII. ELECTION OF DIRECTORS

The Corporate Secretary advised the body of the nominations he received for the Board of Directors as endorsed by the Nominations Committee. The Corporate Secretary then announced the nominations to the Board of Directors, as follows:

1. Eric O. Recto
2. Leonardo B. Dayao
3. Patricia May T. Siy
4. Lucio L. Co
5. Susan P. Co
6. Bunsit Carlos G. Chung
7. Gregorio T. Yu
8. Levi B. Labra
9. Jack Ekian T. Huang
10. Jaime J. Bautista
11. Jesus S. Jalandoni, Jr. – Independent Director
12. Emmanuel Y. Mendoza – Independent Director
13. Gilda E. Pico – Independent Director
14. Conrado A. Gloria, Jr. – Independent Director
15. Bienvenido E. Laguesma – Independent Director

There being no other nominees, and since there were only fifteen (15) nominees for the fifteen (15) seats, on motion made and duly seconded, the Corporate Secretary was directed by the Chairman to cast the votes of all those present and represented at the meeting equally among the above-named individuals who were thereby unanimously elected as members of the Board of Directors for a term of one (1) year or until their successors have been elected and qualified.


VIII. APPOINTMENT OF EXTERNAL AUDITOR

Upon motion made and duly seconded, the stockholders approved the appointment of SGV and Co., as the External Auditor of the Bank for the fiscal year ending December 31, 2020.

IX. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at 3:00 o'clock in the afternoon.

CERTIFIED CORRECT:


MICHAEL STEPHEN H. LAO
Corporate Secretary

ATTESTED:



ERIC O. RECTO
Chairman of the Board

**PHILIPPINE BANK OF COMMUNICATIONS
ANNUAL STOCKHOLDERS' MEETING
July 14, 2020**

LIST OF ATTENDEES

	NAME	
1	Eric O. Recto	Director
2	Lucio L. Co	Director
3	Leonardo B. Dayao	Director
4	Patricia May T. Siy	Director
5	Bunsit Carlos G. Chung	Director
6	Susan P. Co	Director
7	Gregorio T. Yu	Director
8	Jack Ekian T. Huang	Director
9	Levi B. Labra	Director
10	Conrado A. Gloria, Jr.	Director
11	Jesus S. Jalandoni, Jr.	Director
12	Bienvenido E. Laguesma	Director
13	Gilda E. Pico	Director
14	Jaime J. Bautista	Director
15	Henry Y. Uy	Board Adviser
16	Roberto Juanchito Dispo	Board Adviser
17	Michael Stephen H. Lao	Corporate Secretary
1	John Howard D. Medina	Senior Management Team
2	Alan E. Atienza	Senior Management Team
3	Victor O. Martinez	Senior Management Team
4	Erico C. Indita	Senior Management Team
5	Josephine G. Cervero	Senior Management Team
6	Ricardo R. Mendoza	Senior Management Team
7	Arlene M. Datu	Senior Management Team
8	Ariel A. Roda	Senior Management Team
9	Expedito G. Garcia, Jr.	Senior Management Team
10	Jane Lim-Laragan	Senior Management Team
11	Jorge Alfonso C. Melo	Senior Management Team
12	Mina F. Martinez	Senior Management Team
13	Margaret Y. Hernando	Senior Management Team
14	Angelita U. Egalin	Senior Management Team
15	Lorelei Paula B. Arjonillo	Senior Management Team
16	Jeruel N. Lobien	Senior Management Team
17	Joan Iris T. Leon	Senior Management Team
18	Marichelle B. Poyaoan	Senior Management Team
1.	Justin Robert G. Ladaban	Investor Relations Officer
3	Alexandra L. Delos Santos	ZGLaw
3	J Carlitos G. Cruz	SGV
4	Wilson P. Tan	SGV
5	Vicky B. Lee-Salas	SGV
6	Ray Francis C. Balagtas	SGV
7	Deofel Gil Usuquen	SGV
8	Candy H. Dacanay-Dauton	PG Holdings/VFC Land

**PHILIPPINE BANK OF COMMUNICATIONS
ATTENDANCE-BOARD MEETINGS
JANUARY 2020 TO DECEMBER 2020**

BOARD OF DIRECTORS	No. of Meetings Attended
Eric O. Recto, Chairman	13/13
Leonardo B. Dayao, Vice Chairman	12/13
Lucio L. Co	13/13
Patricia May T. Siy	12/13
Bunsit Carlos G. Chung	13/13
Susan P. Co	13/13
Jack Ekian T. Huang	13/13
Levi B. Labra	13/13
Ralph C. Nubla, Jr.*	2/6
Gregorio T. Yu	13/13
Jaime J. Bautista**	7/7
Conrado A. Gloria, Jr.	13/13
Jesus S. Jalandoni, Jr.	13/13
Bienvenido E. Laguesma	13/13
Emmanuel Y. Mendoza	11/13
Gilda E. Pico	13/13

* - up to July 13, 2020

** - from July 14, 2020

INTER-OFFICE MEMORANDUM

Ref no.	CMG073-2021
DATE	April 19, 2021
FOR	THE BOARD OF DIRECTORS
THRU	DIRECTOR GILDA E. PICO Chairman, Governance Committee
FROM	Compliance Management Group
SUBJECT	PERFORMANCE EVALUATION OF THE BOARD AND BOARD COMMITTEES

We submit herewith the results of the 2020 performance evaluation of the Board and Board Committees.

In Summary:

	Board En Banc	Director's Self Evaluation	ExCom	GovCom	AuditCom	ROC	RPTCom	TCom
Directors Points on Qualitative Performance	334.87	77.67	184.33	189.20	230.75	196.20	191.00	188.50
Attendance (Perfect 40)	39.18	39.18	38.80	38.00	37.27	38.67	35.00	37.50
Total Director's Score	374.05	116.85	223.13	227.20	268.02	234.87	226.00	226.00
Total Perfect Score	390.00	120.00	230.00	230.00	280.00	240.00	240.00	240.00
Total Score (%)	95.91	93.67	97.01	98.78	95.72	97.86	94.17	94.17

Details in the attached.

Thank you.

Angelita U. Egalin
 SAVP & Acting CCO

<input type="checkbox"/> Approved	<input type="checkbox"/> Confirmed
<input type="checkbox"/> Disapproved	<input checked="" type="checkbox"/> Noted
<input checked="" type="checkbox"/> Board	<input type="checkbox"/> Deferred
	<input type="checkbox"/> ExCom
Meeting Date <u>4-28-2021</u>	
 Corporate Secretary	

**PHILIPPINE BANK OF COMMUNICATIONS
BRANCHES' SITES - OWNED AND LEASED
AS OF DECEMBER 31, 2020**

No.	BRANCH	ADDRESS	CONDITI ON OF PREMISE S	OWNED / LEASED	LEASE TERMS		
					MONTHLY RENTAL (OFFICE + PARKING + OTHER CHARGES) AS OF DECEMBER 2020	EXPIRY DATE	RENEWAL OPTIONS
A. BANK-OWNED PROPERTIES UTILIZED AS BRANCHES							
1	BINONDO BANKING CENTER	7th Floor, PBCOM Bldg 214-216 Juan Luna St. Binondo Manila	good	owned	-		
		4th Floor, PBCOM Bldg 214-216 Juan Luna St. Binondo Manila	good	owned	-		
2	CAGAYAN DE ORO	PBCOM Bldg. Hayes St. cor. Tiano Bros. St. Cagayan De Oro City	good	owned	-		
3	CEBU	Magallanes near corner Manalili Streets, Cebu City	good	owned	-		
4	DAVAO	41 Monteverde St., Davao City	good	owned	-		
5	GENERAL SANTOS	Santiago Blvd., General Santos City	good	owned	-		
6	ILOILO	Ledesma corner Valeria Sts, Iloilo City	good	owned	-		
7	KORONADAL	Gen. Santos Drive, Koronadal, South Cotabato	good	owned	-		
8	MAKATI BANKING CENTER	PBCOM Tower, 6795 Ayala Avenue corner V.A. Ruffino, Makati City	good	owned	-		
9	MANDAUE	National Highway corner Jayme Street, Mandaue City	good	owned	-		
10	MANGO	General Maximom (Mango) Ave., Cebu City	good	owned	-		
11	MARIKINA	34 J.P. Rizal St., Calumpang, Marikina	good	owned	-		
12	MERALCO AVE (FORMER JULIA VARGAS)	C-1 Horizoo Condominium, Meralco Avenue, Pasig City	good	owned	-		
13	QUIRINO-DAVAO	111 E. Quirino Avenue, Davao City	good	owned	-		
14	TAGUM	Pioneer Avenue, Tagum, Davao del Norte	good	owned	-		
15	U.N. AVENUE (FORMER MABINI)	U101 & 102, Don Alfonso Cond. 1108 MH del Pilar cor. UN Ave. & Guerreo Sts., Ermita, Manila	good	owned	-		
B. LEASED PROPERTIES UTILIZED AS BRANCHES							
16	ANGELES	Ground Floor, MLT Centre Building, Lot 28, Block 2, McArthur Highway, Brgy. Ninoy Aquino, Angeles City	good	leased	96,486.89	15-Aug-2023	
17	ANNAPOLIS	Unit 101 Victoria Plaza Condominium 41 Annapolis St., Greenhills, San Juan	good	leased	247,665.87	15-Apr-2024	
18	AYALA-ALABANG	ALPAP II Building, Investment Drive cor. Trade St., Madrigal Busines Park, Ayala Alabang, Muntinlupa City	good	leased	266,306.90	31-Jan-2026	
19	BANAWE	G/F 2 Benby Building, Banawe Street, Quezon City	good	leased	108,046.40	22-Nov-2024	
20	BACOLOD	Units A-E, Ground Floor, Sorrento	good	leased	148,987.53	29-Feb-2024	
21	BAGUIO	Ground Floor Level, Unit Nos. 105, 106 & 106- B, Baguio Holiday Villas, No. 10 Legarda Road, Baguio City	good	leased	240,833.61	30-Nov-2021	
22	BATANGAS	Diego Silang St., Batangas City	good	leased	126,787.50	31-Jan-2022	
23	BMA	Web-Jet Building, Quezon Ave., Q.C.	good	leased	99,491.49	30-Nov-2023	
24	CABANATUAN	Ground Floor, SAM Building along Maharlika Highway, Cabanatuan City	good	leased	60,000.00	31-Jan-2024	
25	CAINTA	LGF 04 & LGF 05, CK Square Bldg., Ortigas Ave. Extension cor. Sunset Drive, Cainta, Rizal	good	leased	108,861.65	19-Sep-2021	
26	CALAMBA	Ground Floor Walter Mart, National Highway corner Real Street, Calamba, Laguna	good	leased	91,481.53	31-Oct-2021	
27	CALOOCAN	29B-C2 6th Avenue Ext, Caloocan City	good	leased	79,649.34	14-Sep-2022	
28	CAUAYAN	Mateo-Patricia Bldg., Rizal Avenue Extension, Cauayan, Isabela	good	leased	82,687.50	31-May-2023	
29	CEBU BUSINESS PARK	Unit 1, Ground Floor, Creativo 2 Bldg. Mindanao Avenue, Cebu Business Park, Cebu City Taguig	good	leased	265,643.35	20-Apr-2021	
30	CONGRESSIONAL	No. 8 Congressional Ave., Brgy. Bahay Toro, Quezon City	good	leased	108,007.84	30-Apr-2021	
31	CUBAO	2nd Floor SPARK Place, P. Tuazon cor. 10th Avenue, Quezon City	good	leased	196,847.28	31-Aug-2023	
32	DAGUPAN	Ground Floor, Balingit Building, Arellano Street, Dagupan City	good	leased	94,057.03	15-May-2014	
33	DASMARINAS	EVY Building Salawag-Paliparan Road Dasmariñas, Cavite	good	leased	101,516.80	31-Oct-2022	
34	DAVAO BAJADA	RAQ Bldg., J.P. Laurel Avenue, Bajada Street, Davao City	good	leased	160,756.14	30-Sep-2021	
35	TACLOBAN (reloc site of Dumaguete)	Imelda Veteranos St. Brgy. 23, Tacloban City	good	leased	73,150.00	05-Mar-2025	
36	ELCANO	SHC Tower, Elcano St., San Nicolas, Manila	good	leased	173,978.00	28-Feb-2024	
37	F1 HOTEL, BGC	F1 Hotel Building, Lane Q corner Lane A Roads, Bonifacio Global City	good	leased	676,935.24	15-Feb-2022	
38	GREENHILLS	Quadstar Building, 80 Ortigas Avenue, San Juan, Metro Manila	good	leased	247,087.18	31-Mar-2026	
39	ILIGAN	Roxas Avenue, Poblacion, Iligan City, Lanao del Norte.	good	leased	96,202.11	18-Jul-2024	

**PHILIPPINE BANK OF COMMUNICATIONS
BRANCHES' SITES - OWNED AND LEASED
AS OF DECEMBER 31, 2020**

No.	BRANCH	ADDRESS	CONDITI ON OF PREMISE S	OWNED / LEASED	MONTHLY RENTAL (OFFICE + PARKING + OTHER CHARGES) AS OF DECEMBER 2020	LEASE TERMS	
						EXPIRY DATE	RENEWAL OPTIONS
40	IMUS	Luis Gaerlan St., and Imus Boulevard, Imus, Cavite	good	leased	100,507.17	30-Jun-2021	
41	J.P. RIZAL	Ground Floor, Santini Corp. Building, 519 J.P. Rizal Ave., Brgy. Olympia, Makati City	good	leased	172,596.55	30-Apr-2022	
42	LA UNION	Quezon Avenue, San Fernando City, La Union	good	leased	101,494.44	31-Jan-2022	
43	LEGASPI VILLAGE	Unit 1-A, Vernida I 120 Amorsolo St., Legaspi Vill., Makati City	good	leased	90,058.09	31-Jul-2021	
44	LEGAZPI CITY	Ground Floor De Los Santos , Commercial Building, Landco , Business Park, Legazpi City	good	leased	163,691.61	09-Aug-2024	
45	LIPA	ATDRMAM Building Ayala Highway Mataas na Kahoy, Lipa	good	leased	106,965.06	31-Jan-2024	
46	LUCENA	VCCI Building Merchan cor. San Fernando, Lucena City	good	leased	97,731.91	15-Nov-2023	
47	M. DE SANTOS, DIVISORIA	553-561 M. De Santos St., Divisoria, Tondo, Manila	good	leased	265,466.57	31-Mar-2025	
48	MAKATI PLACE	Ground Floor Unit C-15, Alphaland Makati Place, Ayala Ave. cor. Malugay St. Makati City.	good	leased	167,346.58	30-Nov-2022	
49	MALABON	Building L, #34 Gov. Pascual Avenue corner Ibarra Street, Brgy Acacia, Malabon City.	good	leased	87,872.00	24-Jun-2024	
50	MALOLOS	Malolos Shopping Arcade Paseo Del Congreso, Malolos City	good	leased	69,881.89	15-Aug-2021	
51	MASANGKAY	1004-1006 Masangkay St, Binondo, Manila	good	leased	154,560.00	30-Sep-2021	
52	MEYCAUAYAN	Mancon Building McArthur Highway, Calvario, Meycauyan City	good	leased	92,726.56	15-Apr-2021	
53	NAGA	Ground Floor, Rodriguez Building, 956 Panganiban St., corner Balintawak St., Naga City	good	leased	89,337.78	28-Feb-2023	
54	OLONGAPO	Grd. Flr. YBC Centre Mall, Rizal , Avenue Extension, Olongapo City	good	leased	145,959.06	30-Sep-2022	
55	ONGPIN	Chinatown Center, 729 Ongpin Street, Sta. Cruz, Manila	good	leased	331,509.90	30-Sep-2022	
56	PADRE RADA	951 Juan Luna Street, Tondo, Manila	good	leased	142,191.19	14-Jul-2022	
57	PARANAQUE	Unit 3-4, Kingsland Building Dr. A. Santos Avenue, Pnue, City	good	leased	152,936.31	31-May-2022	
58	PASAY	2492 Taft Avenue, Pasay City	good	leased	129,640.00	31-Oct-2023	
59	PIONEER	RFM Corporate Center Pioneer cor. Sheridan Sts., Mandaluyong City	good	leased	237,503.07	13-May-2021	
60	PUREGOLD SAN PEDRO	Puregold San Pedro, Old National Highway cor. Magsaysay St., San Pedro, Laguna	good	leased	55,932.69	14-Nov-2021	
61	QUEZON AVE	APC Building, 1186 Quezon Avenue, Quezon City	good	leased	243,101.25	30-Sep-2021	
62	SAN FERNANDO	McArthur Highway Dolores, San Fernando, Pampanga	good	leased	146,880.77	31-Mar-2024	
63	SAN MIGUEL AVE.	Unit G1010MM-CITRA Condominium, San Miguel Avenue, Ortigas Center, Pasig City	good	leased	175,975.02	31-Jul-2025	
64	SAN PABLO	Rizal Avenue, San Pablo City, Laguna	good	leased	55,594.90	30-Apr-2021	
65	SEN. GIL PUYAT	Unit 101-C, Oppen Building, 349 Sen. Gil Puyat Avenue, Makati City	good	leased	241,629.32	14-Jul-2023	
66	SHAW BLVD	146 Shaw Boulevard cor. San Roque St., Pasig City	good	leased	83,641.71	15-Nov-2022	
67	SOLER	No. 943 Soler St., of R & S Tower, Inc., Binondo, Manila	good	leased	136,153.59	31-May-2021	
68	SOUTH GATE MALL	Unit T06 and T07, Third Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City, Metro Manila	good	leased	233,043.50	18-Dec-2022	
69	STA. MESA	G. Araneta Avenue, Sta. Mesa, O.C.	good	leased	172,715.14	31-Jul-2021	
70	STA. ROSA	Unit No. 2, Paseo 5, Phase 2, Paseo de Sta. Rosa	good	leased	203,962.91	31-Mar-2022	
71	STO. CRISTO	563 Sto. Cristo Street, Divisoria, Manila	good	leased	94,500.00	16-Sep-2023	
72	T. ALONZO	T. Alonzo Street, Sta. Cruz, Manila	good	leased	301,864.50	10-Sep-2021	
73	TAGBILARAN	Ground Floor, LTS Building, Carlos, P. Garcia Avenue, Tagbilaran City	good	leased	67,200.00	30-Jul-2025	
74	TIMOG	75 Timog Avenue, Quezon City	good	leased	155,889.49	15-Jul-2024	
75	S&R NEW Manila (reloc of Tomas Morato)	G/F S&R Membership Shopping New Manila E. Rodriguez Sr. Avenue, Brgy. Kalusugan, New Manila, Quezon City	good	leased	113,940.00	04-Feb-2025	
76	VALENZUELA	246 McArthur Highway, Karuhatan, Valenzuela	good	leased	178,500.00	18-May-2021	
77	ZAMBOANGA VALDEROSA	LKG Building, Valderosa Street, Zamboanga City	good	leased	136,399.10	30-Apr-2021	
78	ZAMBOANGA VETERANS	BSC Tower (formerly Zamsulu Bldg.) Ground Floor, Door 5-7, Veterans Ave., Zamboanga City	good	leased	112,312.78	30-Sep-2024	

**PHILIPPINE BANK OF COMMUNICATIONS
BRANCHES' SITES - OWNED AND LEASED
AS OF DECEMBER 31, 2020**

No.	BRANCH	ADDRESS	CONDITI ON OF PREMISE S	OWNED / LEASED	LEASE TERMS		
					MONTHLY RENTAL (OFFICE + PARKING + OTHER CHARGES) AS OF DECEMBER 2020	EXPIRY DATE	RENEWAL OPTIONS
79	LAPU-LAPU	Grd. Flr. Unit 11, Alpha Arcade Bldg., M.L. Quezon National Highway, Pajo, Lapu-Lapu City	good	leased	28,244.55	31-Jul-2025	
80	DIVISORIA MALL	Stalls No. 3N-01, 03 and 05 located at Third Floor (3rd) Old Divisoria Market, bounded by Tabora, Comercio, M. De Santos and Sto. Cristo, Manila	good	leased	129,531.72	02-Jul-2021	
81	INOZA TOWER	Ground Floor Unit D, 40th St., Bonifacio Global City, Taguig City	good	leased	347,065.60	07-Oct-2022	
82	WILSON	Ground Floor Unit of ONE86 at Wilson, San Juan, Metro Manila	good	leased	78,718.50	14-Oct-2022	
83	S & R COMMONWEALTH	Ground Floor Unit 4 of S & R Membership Shopping – Commonwealth, Brgy. Kallgayahan, Quirino Highway, Novaliches, Quezon City	good	leased	138,160.89	15-Dec-2022	
84	S & R DAU	Ground Floor Unit 2 of S&R Membership Shopping Dau, NLEX Access Road, Barangay Dau, Mabalacat City, Pampanga	good	leased	98,532.00	15-Mar-2023	
85	LIBIS	of Ground Floor Commercial Spaces at Nuvo City - Aspire Tower, 150 E. Rodriguez Jr. Avenue cor. Calle Industria, Bagumbayan, Quezon City	good	leased	91,078.00	05-Sep-2025	
86	ORMOC	Unit 105, Ground Floor of L & R Building, Bonifacio Street, District B, Ormoc City, Leyte	good	leased	16,421.05	12-Mar-2021	
BRANCHES OPENED IN 2019							
87	BALIUAG	NE Super Bodega, Dona Remedios Trinidad Highway, Baliuag, Bulacan	good	leased	40,610.00	22-Sep-2024	
LONG TERM BRANCH LEASE							
88	CORINTHIAN GARDENS	Sanso Street, Corinthian Gardens, Q.C.			Leasehold Rights of P12 Million	30-Sep-2021	
89	TUTUBAN	Prime Block Building, Tutuban Center, C.M. Recto Avenue, Manila			Leasehold Rights of P9.92 Million	22-Aug-2039	
LIST OF BRANCHES LITES/ POP-UPS							
1	BL- PG TAGUIG	G/F Puregold Taguig, Gen. A. Luna St. cor. Col. P. Cruz, Barangay Tuktukan, Taguig City	good	leased	41,280.00	05-Sep-2021	
2	BL- PG VALENZUELA	G/F Puregold Valenzuela, 419 Manila North Road (Mc Arthur Highway) Dalandan, Valenzuela City	good	leased	23,240.00	05-Sep-2021	
3	BL- PG PASO DE BLAS	2/F VFC Mall, Puregold Paso de Blas, Paso de Blas cor. Gen. Luis St., Malinta Exit, Valenzuela City	good	leased	35,870.00	19-Jun-2022	
4	NE Pacific Mall - Cabanatuan	2/F VFC Ma/G/F NE Pacific Mall, Km.11, Maharlika Hi-way, Cabanatuan CI	good	leased	58,484.71	22-Jan-2023	