



Office of the SVP and Acting Chief Financial Officer

Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4475

April 13, 2023

ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE
Director, Corporate Governance and Finance Department
Securities and Exchange Commission
8/F SEC Headquarters
7907 Makati Avenue, Barangay Bel-Air
Makati City

Dear Atty. Gumtang-Remalante:

In compliance with the reportorial requirements of Section 17 of the Securities Regulation Code (SRC) and Section 177 of the Revised Corporation Code of the Philippines, we provide you the SEC Form 17-A report of the Philippine National Bank as of December 31, 2022.

Very truly yours,

A handwritten signature in black ink, appearing to read "Aidel", is positioned above the name of the signatory.

AIDELL AMOR R. GREGORIO
Senior Vice President &
Acting Chief Financial Officer

COVER SHEET

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S.E.C. Registration Number

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Company's Full Name)

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

Aidell Amor R. Gregorio

Contact Person

8891-60-40

Company Telephone Number

1	2
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Month Day
Fiscal Year

3	1
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17 - A

FORM TYPE

04	25
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Month Day
Annual Meeting

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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

36,192

Total No. of Stockholders

Total amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SEC Number AS096-005555
File Number

**PHILIPPINE NATIONAL BANK
AND SUBSIDIARIES**

(Company's Full Name)

**PNB Financial Center,
Pres. Diosdado P. Macapagal Boulevard, Pasay City**

(Company's Address)

(632) 8891-6040 to 70

(Telephone Number)

December 31, 2022

(Calendar Year Ended)

SEC FORM 17-A REPORT

Form Type

(Amendment Designation (if applicable))

DECEMBER 31, 2022

Period Ended Date

LISTED

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND
SECTION 177 OF THE REVISED CORPORATION CODE OF THE PHILIPPINES**

- For the fiscal year ended : **December 31, 2022**
- Commission Identification No. : **AS096-005555**
- BIR Tax Identification No. : **000-188-209-000**
- Exact name of issuer as specified in its charter : **Philippine National Bank**
- Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
- Industry Classification Code : (SEC Use Only)
- Address of principal office : **PNB Financial Center, Pres. Diosdado P. Macapagal Blvd. Pasay City, 1300**
- Issuer's telephone number, including area code : **(632) 8891-60-40 up to 70 / (632) 8526-3131 to 70**
- Former name, former address, and former fiscal year, if changed since last report : **N/A**
- Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding</u>	<u>Amount of Debt Outstanding (Unpaid Subscription)</u>
Common Shares	1,525,764,850	None

- Are any or all of these securities listed on a Stock Exchange:

Yes [☒] No [☐]

Stock Exchange : **Philippine Stock Exchange**
Class of Securities : **Common Shares**

- Indicate by check mark whether the registrant:

- a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11 (a) – 1 thereunder, and Sections 25 and 177 of the Revised Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes [☒] No [☐]

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

Yes [☒] No [☐]

- 13. Aggregate market value of the voting stock held by non-affiliates: P28,989,532,150 *

*1,525,764,850 common shares @ P19.00 trading price of PNB shares as of December 31, 2022

SEC FORM 17-A ANNUAL REPORT

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Business Development

The Philippine National Bank (PNB or the “Bank”), the country’s first universal bank, is one of the largest local private commercial banks in terms of assets, net loans and receivables, capital and deposits. As of December 31, 2022, the Bank has a distribution network of 651 domestic branches and offices and 1,720 automated teller machines (ATM) and cash accepting machines (CAM) in the Philippines. In addition, it has the widest international footprint among Philippine banks spanning Asia, Europe, the Middle East and North America with its overseas branches, representative offices, remittance centers and subsidiaries. The Bank and its subsidiaries are collectively referred hereinto as the “Group”.

In July 2016, PNB celebrated its Centennial Year with the theme, “A Century of Excellence”, signifying a meaningful milestone for an institution that has served generations of Filipinos here and abroad. For over 100 years, PNB stands proud as an institution of stability and security for many Filipinos. With its century of banking history and experience, PNB is poised to move forward to becoming a more dynamic, innovative and service-focused bank, providing service excellence to Filipinos all over the world.

The Bank was established as a government-owned banking institution on July 22, 1916. As an instrument of economic development, the Bank led the industry through the years with its agricultural modernization program and trade finance support for the country’s agricultural exports, pioneering efforts in the Overseas Filipino Workers’ (OFW) remittance business, as well as the introduction of many innovations such as “Bank-on-Wheels”, computerized banking, ATM banking, mobile money changing, domestic traveler’s checks, and electronic filing and payment system for large taxpayers. PNB has the widest overseas office network and one of the largest domestic branch networks among local banks.

On February 9, 2013, the Bank concluded its merger with Allied Banking Corporation (ABC) as approved and confirmed by the Board of Directors (BOD) of PNB and ABC on January 22 and January 23, 2013, respectively. The respective shareholders of PNB and ABC, representing at least two-thirds of the outstanding capital stock of both banks, approved the terms of the Plan of Merger of the two banks on March 6, 2012.

To support the Bank’s efforts to diversify its funding sources to meet the financial needs of its clients, PNB offered Long-Term Negotiable Certificates of Time Deposit (LTNCDs), which extend the maturity profile of the Bank’s liabilities as part of overall liability management and to raise long-term funds for general corporate purposes. In October 2018, PNB received the approval from BSP to issue up to ₱20.0 billion worth of LTNCDs. In this regard, PNB issued the first tranche of 5.5-year LTNCDs totaling ₱8.2 billion at 5.75% per annum in February 2019. The original ₱3.0 billion offering was upsized to meet the 2.7x oversubscription arising from the strong demand from both retail and institutional investors. On October 11, 2019, PNB listed the second tranche of LTNCDs totaling ₱4.6 billion which was double the announced issue size of ₱2.0 billion.

In April 2018, PNB successfully issued in Singapore and Hong Kong its 5-year Fixed Rate Senior Notes worth US\$300 million out of its US\$1 billion Medium Term Note (MTN) Program. This marked the first time that PNB tapped the international bond market for medium term dollar funding. Orders for the offering reached approximately \$1.2 billion at its peak, equivalent to 4x oversubscription. The high demand for the initial issue underscored the international investors’ strong confidence in PNB. In May 2019, PNB’s BOD approved the increase in the amount of the Bank’s MTN Program to US\$2 billion. The following month, PNB issued US\$750 million in 5.25-

year Fixed Rate Senior Notes priced at 99.47% and carried a yield of 3.39% and a coupon of 3.28%. The transaction was oversubscribed with an orderbook of over US\$3.25 billion. The proceeds of the Notes were used to support PNB's loan expansion as the Bank took advantage of the country's sustained economic growth.

In April 2019, PNB acting through its Tokyo branch successfully closed and signed a US\$250 million 3-year syndicated term loan facility with a group of international and regional Japanese banks. The facility was launched originally at US\$200 million and attracted total commitments of US\$370 million at close of syndication, representing an oversubscription of about 2.7x with lending commitments received from 14 Japanese and international banks with operations in Japan. The diversity of the syndicate of lenders is an affirmation of the growing international market's appetite for assets from the Philippines. The success of the transaction is a strong acknowledgment of the capital market's confidence in the credit strength of the Bank.

In May 2019, PNB listed on the Philippine Dealing and Exchange Corporation its maiden offering for fixed rate Philippine Peso bonds, which reached ₱13.87 billion, equivalent to an oversubscription of almost 3x the announced issue size of ₱5 billion.

In July 2019, the Bank successfully issued and listed 276,625,172 common shares priced at ₱43.38 per share from its stock rights offering. The net proceeds from the offering amounted to ₱11.7 billion. Proceeds from the offering were expected to enhance PNB's presence in emerging growth areas.

PNB fully integrated its wholly-owned thrift bank subsidiary, PNB Savings Bank (PNBSB), into the Bank through acquisition of its assets and assumption of its liabilities in exchange for cash on March 1, 2020. With the integration, PNB was able to deliver a more efficient banking experience and serve a wider customer base, while the customers of PNBSB gained access to PNB's diverse portfolio of financial solutions. The consumer lending business, previously operated through PNBSB, also benefited from PNB's ability to efficiently raise low cost of funds. PNBSB was renamed as Allied Integrated Holdings Inc. (AIHI) after the Securities and Exchange Commission (SEC) approved the amendments to its Articles of Incorporation and By-Laws last February 23, 2021. The purpose of this company has changed from banking to that of a holding company. The SEC also approved the end of the corporate life of AIHI on December 31, 2022, and the company is now proceeding towards liquidation.

On November 9, 2020, the BOD and Stockholders of PNB Holdings Corporation (PNB Holdings) approved the sale of PNB Holdings' equity investment in PNB General Insurers Co., Inc. (PNB Gen) to PNB or any suitable 3rd party buyer. Moreover, on December 11, 2020, the BOD of PNB approved the sale of its 100% shares in PNB Gen to Alliedbankers Insurance Corporation (ABIC). Consequently, on December 29, 2020, a Share Purchase Agreement was entered into by PNB and PNB Holdings, collectively as "Sellers", and ABIC as "Buyer" for the sale of 100% PNB Gen shares. On April 30, 2021, the sale of all the PNB Group's shares in PNB Gen was completed, marking the Group's exit from the nonlife insurance space.

After receiving respective approvals from the BSP on December 6, 2022 and June 14, 2021, the Bank recorded additional investments in Allianz-PNB Life Insurance, Inc. amounting to ₱392.0 million and ₱245.0 million, respectively.

In 2021, the Bank has undertaken a series of transactions to monetize its low-earning assets. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PNB Holdings from ₱500.0 million to ₱50.5 billion. On the same date, PNB proceeded with the subscription of an additional 466,770,000 PNB Holdings shares in exchange for certain real estate properties with fair values of ₱46.7 billion. Last April 23, 2021, the Bank's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings with a par value of ₱100.00 per share, to all stockholders of record as of May 18, 2021. On December 24, 2021, the SEC approved the property dividend declaration.

Amidst the challenging COVID-19 pandemic and varying degrees of community lockdowns in 2020, the Bank set up a Command Center to oversee its operations and ensure that PNB continues to run business-as-usual providing uninterrupted financial services to its customers as it adjusted to the new business environment. The Bank had a dedicated skeletal workforce to make sure that critical support functions were not disrupted, and at the same time implemented a work-from-home arrangement for its employees with non-critical functions, supported by a robust digital infrastructure that allowed telecommuting.

To provide easy and convenient access to cash for its clients, PNB deployed its “Bank on Wheels” in Metro Manila and some provinces where travel was restricted. Bank on Wheels are mobile ATMs that allow customers to conveniently perform transactions such as cash withdrawal, cash deposit, bills payment, and fund transfer. Furthermore, the Bank provided its customers more options for cash withdrawal through its partnership with RD Pawnshop, one of the leading pawnshop chains in the country. PNB is the provider of the POS network that allows bank customers to conveniently withdraw cash from 100 select RD Pawnshop branches nationwide. In addition, the Bank partnered with Ninja Van Philippines to make it easier and safer for small and medium businesses across the country to receive payments and manage cash flow during COVID-19 and beyond.

Even with the pandemic, PNB was still able to introduce new products for its customers. In February 2020, PNB launched the Ze-Lo Mastercard that allows cardholders to enjoy the perks of a normal Mastercard credit card but with zero annual fees and low interest. Ze-Lo stands for “Zero Annual Fees and Low Interest” representing the two main features of the card. In April 2020, PNB branches started offering the new product of ABIC, Home Protect 2000, a home insurance that covers PNB depositors against loss of residence and contents due to fire, lightning, earthquake, smoke, explosion, vehicle impact, and falling aircraft for a minimal premium. The Bank also introduced an online remittance system, Xchanged USA, for overseas Filipino workers. In September 2021, PNB launched two new global feeder funds, namely: the PNB World Perspectives Equity Feeder Fund and the PNB US Equity Sustainability Leaders Feeder Fund. These feeder funds will allow Filipino investors to invest in US and other globally traded shares of stocks to further diversify their investments. Likewise, in support of the government’s Personal Equity Retirement Account (PERA) program, PNB, as a product provider, launched its first digital PERA fund, the PNB PERA Bond Fund. Last October 2021, the PNB Singapore Mobile App was launched for Filipinos in Singapore to make remittance easier and more convenient for them. The app enables a fully automated remittance process for all registered clients and potential clients (subject to one-time onsite Know-Your-Customer) based in Singapore. Last March 2022, PNB and CIS Bayad Center, Inc., or Bayad, the country’s biggest and widest multi-channel payment platform, have partnered to make it easier for Filipinos to settle payments electronically. This strategic partnership offers a one-stop-shop solution for the best customer experience. PNB also introduced the PNB C@shNet Plus mobile app for corporate clients last April 2022. Clients have the option to log in via biometrics for added security and convenience in accessing their company accounts.

PNB Capital and Investment Corporation (PNB Capital), a wholly-owned subsidiary of the Bank, was also active in capital market transactions in 2022 and 2021. PNB Capital was appointed either as lead/joint lead arranger, issue manager, underwriter, domestic manager and/or bookrunner for the initial public offering, preferred shares and/or bond offerings of the following companies, among others: MerryMart Consumer Corp; Ayala Land’s AREIT Inc., the first real estate investment trust in the Philippines; Retail Treasury Bonds; Petron Corp.; Monde Nissin Corp; San Miguel Corp.; Cirtex Holdings Philippine Corp.; RL Commercial REIT, Inc.; AllDay Marts Inc.; Synergy Grid & Development Phils.; Megawide Construction Corp.; A Brown Co.; Medilines Distributors, Inc.; Keepers Holdings; BankCom; 8990 Holdings; VistaREIT Inc.; North Star Meat Merchants, Inc.; Robinsons Land Corp; Cebu Landmasters; Globe Telecom Inc.; and Arthaland Corp.

In affirmation of the Bank’s well-managed operations, PNB received awards from various organizations and other international award-giving bodies. In June 2019, PNB was recognized for

the second straight year by the Institute of Corporate Directors (ICD) for being one of the awardees of its ASEAN Corporate Governance Scorecard. The Bank was also recognized as one of the Golden Arrow Awardees by the ICD last February 19, 2021.

In December 2019, PNB was awarded by the Bureau of Local Government Finance of the Department of Finance for its timely and complete submission of the quarterly report on LGU indebtedness for the fiscal year 2018-2019. The Bank was cited for being a strong partner of the government in ensuring the efficient and responsible borrowing of local government units.

With its proactive response amidst the COVID-19 pandemic, The Asian Banker awarded PNB with Best Managed Bank and Best CEO during its annual Leadership Achievement Awards held last October 2020. PNB was also named Best Bank for Corporate Social Responsibility (CSR) in Asiamoney Best Bank Award for 2020. The Bank bested other domestic and international banks in the CSR category for pioneering a number of initiatives focused on financial literacy, sustainable environment and employee engagement. In addition, PNB was recognized in Asiamoney's Leader for Women Survey 2020. Among 60 banks in Asia, PNB was one of the banks with the highest percentage of women in the overall workforce, reflecting the Bank's culture of providing equal access to career advancement regardless of gender. Likewise, PNB became the first universal bank in the Philippines to be certified as gender-equal after receiving its Economic Dividends for Gender Equality (EDGE) Certification from DOLE in June 2020.

Last April 2021, the employment-related online platform LinkedIn ranked PNB as #1 in the 2021 LinkedIn Top Companies list in the Philippines, a ranking of the 15 best workplaces to grow one's career. PNB was also recognized by Asiamoney as Best Bank for Investment Research during its Private Banking Awards in June 2021. The award is a testament to the Bank's contribution in helping its clients make sound investment decisions by sharing their insights on equities, industries, and the Philippine economy. The award is a milestone for the Bank as this is the first international recognition for its research initiatives. The Bank was also recognized as Best KYC and Customer Onboarding Technology of the Year by The Asian Banker for its Risk Management Awards. The award acknowledges the Bank's new Anti-Money Laundering Monitoring Solution, showing that the Bank does not rely on a single level of protection but has invested and deployed layers to protect customers and their transactions. Further, the Bank's "Own a Philippine Home Loan" (OPHL) product was recognized as Mortgage and Home Loan Product of the Year by The Asian Banking and Finance on its Retail Banking Awards. Moreover, PNB was recognized by the Bangko Sentral ng Pilipinas (BSP) as "Outstanding Regional Partners" in the 2021 BSP Stakeholders Appreciation Ceremony held last July 2021. PNB was likewise honored for "Transparency and Reporting" and gender equality initiatives in the UN Women 2021 Philippine Women's Empowerment Principles Awards.

PNB received two awards from the Philippine Dealing System Holdings Corp (PDS Group) during the 17th PDS Annual Awards held last March 25, 2022, viz: (1) the Top Fixed-Income Brokering Participant and (2) one of the Top Five Fixed-Income Cash Settlement Banks. In addition, PNB has been recognized by Asiamoney as the Best Bank for Investment Research in the Philippines for the second consecutive year during its Private Banking Awards last April 25, 2022.

In September 2022, PNB was awarded by the Social Security System as "Best Disbursement Partner" in the Commercial Bank category in its "2022 Balikang Bayan Awards" during its 65th founding anniversary celebration.

In November 2022, PNB was awarded for the second year in a row by a joint program of the European Union and the UN Women as Runner Up for Transparency and Reporting during the UN Women 2022 Philippines Women's Empowerment Principles (WEPs) event. PNB was cited for its commitment to transparency and reporting pertaining to gender data and indicators as well as report on performance and impact of gender on its adaptive policies and programs, tracking performance in progress towards gender equality, and women's economic empowerment.

Last December 2022, PNB was awarded by Asia Corporate Excellence and Sustainability Awards (ACES) as one of Asia's Most Influential Companies during the recent ACES Awards 2022 Ceremony and Gala Dinner held in Kuala Lumpur, Malaysia. The award is given to companies that show genuine interest in the well-being of its stakeholders through corporate social responsibility initiatives that are integrated into policies and operations, with a high level of employee and top management involvement on community engagement, environment, and social empowerment programs.

The following presents the Bank's significant subsidiaries:

Domestic Subsidiaries:

Allied Integrated

Holdings, Inc. (AIHI)
(formerly PNB Savings Bank)

Prior to its conversion as a holding company in 2021, the company was formerly PNB Savings Bank, which was the thrift banking arm of the PNB Group. Effective March 1, 2020, PNBSB was integrated to the parent bank through acquisition of the former's assets and assumption of its liabilities in exchange for cash. On March 5, 2020, PNBSB surrendered its thrift bank license to the BSP. On December 3, 2020, the conversion into a holding company and change in name to "Allied Integrated Holdings, Inc." were approved by the BSP. The SEC also approved the change in name on February 23, 2021. On February 10, 2022, the SEC approved the Amended Articles of Incorporation and By-Laws and decrease in authorized capital stock of AIHI.

PNB Capital and Investment

Corporation (PNB Capital)

PNB Capital, a wholly-owned subsidiary of the Bank, is licensed by the SEC to operate as an investment house with a non-quasi-banking license. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997.

Its principal business is to provide investment banking services which include debt and equity underwriting, private placement, loan arrangement, loan syndication, project financing and general financial advisory services, among others. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. PNB Capital distributes its structured and packaged debt and equity securities by tapping banks, trust companies, insurance companies, retail investors, brokerage houses, funds and other entities that invest in such securities.

PNB Securities, Inc.
(PNB Sec)

PNB Sec is a wholly-owned subsidiary of the Bank incorporated on January 18, 1991 and is a member of the Philippine Stock Exchange (PSE). As a securities dealer, it is engaged in the buying and selling of securities listed in the PSE either for its own account as dealer or for the account of its customers as broker.

PNB-Mizuho Leasing and Finance

Corporation (PMLFC)
(formerly PNB-IBJL Leasing and Finance Corporation)

PMLFC, a joint venture between the Bank (75%) and Mizuho Leasing Company (25%), was incorporated on April 24, 1996 as a financing company under Republic Act No. 8556 (the amended Finance Company Act). Its major activities are financial lease (direct lease, sale-leaseback, lease-sublease and foreign currency leasing), operating lease (through wholly-owned subsidiary, PNB-Mizuho Equipment Rentals Corporation), term loans (for productive capital expenditures secured by chattel mortgage), receivable discounting

(purchase of short-term trade receivables and installment papers) and floor stock financing (short-term loan against assignment of inventories, e.g., motor vehicles).

On March 3, 2020, the SEC approved the change of its corporate name.

On June 24, 2022, the BOD of the Bank approved the proposal to amend the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024, subject to necessary approvals. On December 23, 2022 the SEC approved the above amendment. The Bank and its joint venture partner, Mizuho Leasing Co. Ltd., mutually agreed to wind down operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry.

**PNB-Mizuho
Equipment Rentals
Corporation (PMERC)**
(formerly PNB-IBJL
Equipment Rentals
Corporation)

PMERC, a wholly-owned subsidiary of PMLFC, was incorporated on July 3, 2008 as a rental company and started commercial operations on the same date. It is engaged in the business of renting all kinds of real and personal properties.

Foreign Subsidiaries:

**Allied Commercial
Bank (ACB)**

ACB is a majority-owned (99.04%) subsidiary of PNB and was formerly known as Xiamen Commercial Bank. ACB maintains its head office in Xiamen, Fujian, China and has a branch in Chongqing which was established in 2003.

Since its establishment in 1993, until 2017, ACB was allowed to deal only in foreign currency-denominated products and services. In 2017, local currency or CNY-denominated products and services were allowed except to local residents. Finally in 2020, after many years of hard work, ACB has obtained a banking license that allows offering services to all market segments with all traditional banking products, denominated in local or foreign currencies.

ACB is a full-service commercial bank specializing in international trade finance and loans to micro, small and medium-sized industries/enterprises. Its deposit products are no less varied and competitive. In 2020, ACB launched its enterprise internet banking system which adds much sought-after convenience to its corporate depositors. This year, ACB recently enhanced its system to automate its credit management. It continues to innovate to deliver financial products and services the banking public needs and deserves.

**Allied Banking
Corporation (Hong
Kong) Limited
(ABCHKL)**

ABCHKL is a private limited company incorporated in Hong Kong in 1978 and is licensed as a restricted license bank under the Hong Kong Banking Ordinance. By virtue of the merger between PNB and ABC in February 2013, PNB now owns 51% of ABCHKL.

It provides a full range of commercial banking services predominantly in Hong Kong, which include deposit-taking, lending and trade financing, documentary credits, participation in loans

syndications and other risks, money market and foreign exchange operations.

ABCHKL has one branch license and a wholly owned subsidiary incorporated also in Hong Kong, ACR Nominees Limited, which provides non-banking general services to its customers. It is a Trust or Company Service Provider licensee in Hong Kong.

**Philippine National
Bank (Europe) Plc**
(PNB Europe)

PNB Europe was originally set up as a PNB London Branch in 1976. In 1997, it was converted as a wholly owned subsidiary bank of PNB, incorporated in the United Kingdom with a full banking license. In 2007, PNB Europe opened its branch in Paris, France, where it engaged in remittance services and ceased its operations after August 31, 2017. PNB Europe is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Following the conclusion of the Brexit transition period in 2020, PNB Europe continues to provide services to Filipinos in the region through its UK office as well as its web and phone remittance platforms.

**PNB Global
Remittance &
Financial Company
(HK) Limited (PNB
Global)**

PNB Global is a wholly-owned subsidiary of the Bank and is registered with the Registrar of Companies in Hong Kong.

On July 1, 2010, PNB Global assumed the remittance business of PNB Remittance Center, Ltd. with the former as the surviving entity. It now operates as a lending and remittance company. As of December 31, 2022, it maintains seven (7) offices in Hong Kong. Its remittance business is regulated by the Customs and Excise Department of Hong Kong.

**PNB International
Investment
Corporation (PNB IIC)**

PNB IIC is a wholly-owned subsidiary of the Bank. It is a non-bank holding company incorporated in California, USA on December 21, 1979.

PNB IIC owns PNB Remittance Centers, Inc. (PNBRCI) which was incorporated in California, USA on October 19, 1990. PNBRCI is a company engaged in the business of transmitting money to the Philippines. As of December 31, 2022, PNBRCI has 19 branches in six states in the USA. PNBRCI owns PNBRCI Holding Company, Ltd. which was also incorporated in California, USA on August 18, 1999. PNBRCI Holding Company, Ltd. is the holding company of PNB Remittance Company Canada (PNBRCC). PNBRCC is also a money transfer company incorporated in Canada on April 26, 2000. PNBRCC has 5 branches and 1 sub-branch as of year-end 2022.

PNBRCI is regulated by the U.S. Internal Revenue Service and the Department of Business Oversight of the State of California and other state regulators of licensed money transmitters. PNBRCC is regulated by the Office of the Superintendent of Financial Institutions of Canada and Financial Transactions and Reports Analysis Centre of Canada.

B. Business Description

1. Products and Services

PNB, through its Head Office and 651 domestic branches/offices, 1,720 ATMs and CAMs nationwide and 72 overseas branches, representative offices, remittance centers and subsidiaries, provides a full range of banking and financial services to corporations, small and medium markets, retail customers, various government units and agencies. PNB's principal commercial banking activities include deposit-taking, lending, trade financing, foreign exchange dealings, bills discounting, fund transfers/remittance servicing, asset management, treasury operations, comprehensive trust services, retail banking and other related financial services.

Its banking activities are undertaken through the following groups within the Bank, namely:

Retail Banking Sector

The core business of Retail Banking Sector (RBS) principally focuses on the Bank's deposit-taking activities by offering a wide array of deposit products and services such as peso accounts and its variants like interest-bearing savings and time deposit accounts, current accounts, and US dollar and other third-foreign currency accounts. The Sector also provides its broad customer base with other retail products like credit cards, consumer loans, remittance services, and other bank services. While the main purpose is the generation of lower cost funding for the Bank's operations, RBS also concentrates on the cross-selling of trust products, treasury products, and bancassurance products (both life and nonlife) to existing customers as well as referrals of customers by transforming its domestic and overseas branch distribution channels into a sales-focused organization.

The International Banking and Remittance Group (IBRG) under RBS covers the Bank's overseas offices across Asia, Middle East, North America, and Europe. As part of RBS, IBRG ensures that overseas Filipinos are provided with an array of services to suit their needs - from convenient and safe remittance to full banking services in selected jurisdictions, bills payment, deposit account opening, corporate credit and trade, and consumer financing with the Own a Philippine Home Loan (OPHL), which makes it easier even for non-Filipinos to acquire their dream homes in the Philippines. IBRG likewise provides services to sea-based OFWs via payroll processing through manning agency clients. IBRG is also responsible for establishing and strengthening partnerships with remittance agents and tie-ups to further extend the Bank's market reach beyond its brick-and-mortar presence worldwide.

Cards and Payments Solutions Group

The Cards and Payments Solutions Group (CPSG) provides convenient, safe and secure cashless payment solutions and offers. Its wide range of products under the major payment schemes, Mastercard, Visa and UnionPay includes credit, debit, prepaid cards and installment loans. These cater to diverse and dynamic needs of the Bank's retail and corporate clients.

CPSG is also responsible in forging new partnerships, onboarding of merchants and strengthening its relationships for in-store and online promotions as well as installment programs. Moreover, CPSG continuously develops its digital app offerings to ensure that customers get the best experience using their PNB Cards.

Retail Lending Group

The Retail Lending Group (RLG) was established in mid-2019 under the umbrella of RBS. It serves as the Bank's consumer lending arm following the full integration of its wholly-owned thrift bank subsidiary, PNB Savings Bank, into the Parent Bank in March 2020. As part of the Bank's transformation initiatives to ensure operational efficiency as well as harness the maximum potential of the consumer loan business, RLG was spun off from RBS last May 2022 to be directly under the Office of the President. RLG provides consumer loans such as auto loan, real estate loan and contract-to-sell facility.

Institutional Banking Sector

The Institutional Banking Sector (IBS) is the primary lending arm responsible for establishment, expansion, and overall management of the Bank's relationships with corporate clients. The Corporate Banking Group supports IBS' large corporate clients, while the Commercial Banking Group oversees relationships with middle market and SME customers located in Metro Manila and provincial areas. Both groups capitalize on growth opportunities with clientele in resilient industries such as infrastructure, power, utilities, and e-commerce, among others.

IBS also contributes significantly to the incremental growth in the Bank's deposits and fee-based income through value-adding services offered by the Institutional Transaction Banking Group (ITBG). The Bank's Ecosystem Division and Cash Management Solutions Division were consolidated into ITBG to capture the entire value chains and nurture anchor clients through a network of tailor fit, end-to-end financial solutions which consist of cash management, credit programs, and trade services.

The Structuring and Execution Division (SED) of IBS has been key to nursing commercial accounts impacted by the protracted pandemic and supply chain crises. SED is also tasked to undertake special projects and various functions such as spearheading Environmental, Social and Governance (ESG) initiatives for IBS and providing assistance for accounts that require more intensive workouts or cashflow analysis, among others.

Global Banking and Markets Sector

The Global Banking and Markets Sector (GBMS) oversees the management of the Bank's liquidity and regulatory reserves as well as risk positions on interest rates and foreign exchange arising from its inherent daily operations in deposit-taking, lending, and proprietary trading. Likewise, GBMS provides a wide range of banking products and services to corporates, government, financial institutions, and individuals. Its functions include developing the Bank's wealth management proposition by providing corporate and high-net-worth individuals access to the financial markets. In addition, GBMS builds partnerships with banks and non-bank financial institutions by offering them banking solutions to address their needs and help attain their objectives. Moreover, GBMS ensures the availability of alternative funding sources for the Bank through trade advance facilities of foreign banks and multilateral funding sources.

Trust Banking Group

PNB Trust Banking Group (TBG) manages a total of 11 local and 2 global Unit Investment Trust Funds (UITF) to address the investment requirements of various clients, from the ultra-conservative investors to the more aggressive clients who are willing to take bigger risks in their investments. These funds are managed by a team of professional fund managers who have a wealth of training and experience under their belts.

As one of the pioneers in the trust banking business, PNB TBG has a wide clientele base of retail, corporate and institutional clients who benefit from its wide array of trust banking products and services, large distribution network, professional expertise, and sound investment strategies. It is considered as one of the strongest trust entities in the industry on Fiduciary services such Escrow and Transfer Agency. Its personal trust products and services include personal management trust, investment management and estate planning. Corporate trust services and products include corporate trusteeship, portfolio management and administration of employee benefit plans, pension and retirement plans.

Digital Innovations Group

The Digital Innovations Group (DIG) is tasked to drive the consumer digital strategy of PNB, working with business lines and subsidiaries, support groups and PNB's Information Technology Group (ITG) to provide innovative digital experience and products for retail consumers. DIG provides end-to-end digital business and product development, covering market scoping and assessment, ideation of business models, customer experience definition, and coordination with

marketing and business groups to promote the acquisition of digital customers and usage of digital products. It is likewise tasked to execute, deliver and implement digital products and solutions, and manages and provides support to the Bank's mobile, internet banking and other digital platforms, in coordination with ITG and external solutions providers.

2. Competition

In the Philippines, the Bank faces competition in all its principal areas of business, from both Philippine (private and government-owned) and foreign banks, as well as finance companies, mutual funds and investment banks. The competition that the Bank faces from both domestic and foreign banks was in part a result of the liberalization of the banking industry with the entry of foreign banks under Republic Act (R.A.) 7721 in 1994 and R.A. 10641 in 2014, as well as the mergers and consolidations in the banking industry. As of the latest available data from the Bangko Sentral ng Pilipinas (BSP), there are 45 universal and commercial banks, of which 16 are private domestic banks, 3 are government banks and 26 are branches or subsidiaries of foreign banks. Some competitor banks have greater financial resources, wider networks and greater market share than PNB. Said banks also offer a wider range of commercial banking services and products; have larger lending limits; and stronger balance sheets than PNB. To maintain its market position in the industry, the Bank offers diverse products and services, invests in technology, leverages on the synergies within the Lucio Tan Group of Companies and builds on relationships with the Bank's other key customers.

The Bank also faces competition in its operations overseas. In particular, the Bank's stronghold in the remittance business in 17 countries in North America, Europe, the Middle East and Asia is being challenged by competitor banks and non-banks. As of December 31, 2022, the Bank has a distribution network of 651 domestic branches and offices and 1,720 ATMs and CAMs nationwide. The Bank is one of the largest local private commercial banks in the Philippines in terms of consolidated total assets, net loans and receivables, capital and deposits as well as with regard to branch network. In addition, it has the widest international footprint among Philippine banks spanning Asia, Europe, the Middle East and North America with its overseas branches, representative offices, remittance centers and subsidiaries.

3. Revenue Derived from Foreign Operations

The percentage contributions of the Group's offices in Asia, Canada and USA, United Kingdom to the Group's revenue, for the years 2022, 2021, 2020 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Asia (excluding the Philippines)	2.0%	1.8%	1.5%
Canada and USA	1.4%	0.8%	0.6%
United Kingdom	0.2%	0.1%	0.4%

4. New Products and Services

In 2022 and 2021, PNB introduced the following new products, among others, for its customers:

a. Bayad Aggregator Biller Integration

The Bank launched its pilot biller with real-time posting capability, Meralco RTP under the Bayad Aggregator. Through this, PNB Digital users are now able to pay their Meralco bills in real-time with a few taps on their mobile phones. The Bank remains committed to onboarding the next Bayad billers (Autosweep RFID, Easytrip, and NBI) from a sea of 438 Bayad billers.

b. Acceptance of SSS RTP Payments via OTC

The Bank, through the collaboration and integration efforts with Social Security System (SSS), was able to simplify payment acceptance and processing of SSS loans and contributions via OTC with the nationwide launch of the SSS real-time posting (RTP) payments. This also opens more opportunities for the Bank to fulfill and upsell other PNB products and services to SSS in the digital space.

c. CCAM 20k Machine

Corporate Cash Accept Machine (CCAM) is an innovative variant of the deposit pick up facility where the Bank through its partnership with a Service Provider (SP) installs a cash accept machine in the corporate client's premises. The first variant with 10,000 notes capacity was launched in February 2020. To support the higher volume of cash deposits from customers, the Bank launched the CCAM with 20,000 notes capacity in 2022.

d. PNB C@shNet Plus Mobile App

The Bank launched the PNB C@shNet Plus Mobile Application, the mobile version of the Corporate Online Banking Platform. The Mobile App promises a superior, convenient, and efficient way of doing online business transactions such as account viewing, monitoring of accounts receivables, and initiation and approval of payments.

e. CMS Client Onboarding via Webinars

The Bank's Cash Management Implementation Team began onboarding clients to the cash management facilities through webinars conducted multiple times in a month. Given the simpler and more intuitive user experience of the improved corporate internet banking platform of the Bank (PNB C@shNet Plus), client onboarding can now be performed outside of the traditional one-on-one implementation. In addition, participants may attend the webinar sessions more than once, should they need a refresher later.

f. Corporate Employee Loan Program (CELP) Platform

The Corporate Employee Loan Program (CELP) is a multipurpose loan facility offered to the employees and members of Accredited Anchor Client / Employer with recourse. Loan proceeds will be used for the acquisition of brand-new vehicles, purchase of house and/or lot and improvement, and other purposes. The platform helped the Bank save at least 60 minutes (1 hour) of processing per application. With the automated process, turnaround time of booking also decreased from 5-10 days to 3 days.

g. Top Booster Promo

The Bank launched the Top Booster Promo and is open to all New-to-Bank or Existing individual clients who are not employees of PNB and Corporate/Business Accounts without an existing loan availments with PNB, not part of the Lucio Tan Group of Companies, and not owned/held by the government, its political subdivisions, instrumentalities or a government owned and controlled corporation who are willing to maintain an incremental ADB for a period of six (6) months from date of enrollment and earn corresponding cash credits.

h. UITF Mobile

In response to the increasing usage and demand for mobile applications, PNB's Trust Banking Group began transitioning its UITF online facility to the PNB Digital Mobile App. The first module, which allowed existing UITF online clients to view their outstanding UITF investments, was publicly launched in July 2022. The second module was officially launched in November 2022, allowing clients to view their UITF redemption history. Soon, UITF clients will be able to enroll, subscribe, and redeem online through the PNB digital app. PNB has introduced this innovation in order to make every transaction or investment easier for its clients.

5. Related Party Transactions

Information related to transactions with related parties and with certain Directors, Officers, Stockholders and Related Interests (DOSRI) is shown under Note 33 of the Audited Consolidated Financial Statements of the Group and Exhibit IV of the Supplementary Schedules Required by SRC Rule 68 Annex J.

6. Patents, Trademarks, Licenses, Franchises, Concessions and Royalty Agreements

The Bank's operations are not dependent on any patents, trademarks, copyrights, franchises, concessions, and royalty agreements.

7. Government Approval of Principal Products or Services

Generally, e-banking products and services require BSP approval. New deposit products require notification to the BSP. The Bank has complied with the aforementioned BSP requirements.

8. Estimate of Amount Spent for Research and Development Activities

The Bank provides adequate budget for the development of new products and services which includes hardware and system development, continuous education and market research. Estimated amount spent for 2022, 2021 and 2020 totaled ₱707.6 million, ₱755.5 million and ₱862.4 million, respectively.

9. Number of Employees

The total employees of the Bank as of December 31, 2022 is 8,318, of which 4,452 are classified as Bank Officers and 3,866 as rank and file employees, broken down as follows:

As of December 31, 2022	Total
Officers:	
Vice President and up	142
Senior Assistant Vice President to Assistant Manager	4,310
Sub-total	4,452
Rank and File	3,866
Total	8,318

The Bank shall continue to pursue selective and purposive hiring strictly based on business requirements. The Bank has embarked on a number of initiatives to improve operational efficiency.

With regard to the Collective Bargaining Agreement (CBA), the Bank's regular rank and file employees are represented by a Union. Total union membership is 3,243 out of 3,866 rank and file employees or 84% of the total rank and file population. The CBA has been renewed for a three-year period from July 1, 2022 to June 30, 2025.

The Bank has not suffered any strikes, and the Management of the Bank considers its relations with its employees and the Union as harmonious and mutually beneficial. Industrial peace is continuously being enjoyed by both Management and the organized Union

10. Risk Management

Major risk/s and Procedures Being Taken to Address the Risks

As a financial institution with various allied undertakings with an international footprint, PNB continues to comply with an evolving and regulatory and legislative framework in each of the jurisdictions in which it operates. The nature and the impact of future changes in laws and regulations are not always predictable. These changes have implications on the way business is conducted and corresponding potential impact to capital and liquidity.

Effective risk management is essential to consistent and sustainable performance for all the Bank's stakeholders and is therefore a central part of the financial and operational management of the PNB Group. PNB adds value to clients and therefore the communities in which it operates, generating returns for stockholders by taking and managing risk.

Through its Enterprise Risk Management Framework (ERMF), the Bank manages risks across the enterprise, with the objective of maximizing risk-adjusted returns while remaining within its risk appetite. The BOD of the Bank plays a pivotal role and has the ultimate responsibility in bank governance through their focus on two factors that will ultimately determine the success of the Bank, viz: (1) responsibility for the Bank's strategic objectives; and (2) assurance that such will be executed by choice of talents.

Strong independent oversight has been established at all levels within the Bank. The Bank's BOD has delegated specific responsibilities to various Board Committees, which are integral to PNB's ERMF and allow executive management, through management committees, to evaluate the risks inherent in the business and to manage them effectively.

There are eight (8) Board Committees:

- Executive Committee (EXCOM)
- Board Strategy & Policy Committee (BSPC)
- Board Audit & Compliance Committee (BACC)
- Board Oversight Related Party Transaction Committee (BORC)
- Corporate Governance Committee (CorGov)
- Board Information Technology Governance Committee (BITGC)
- Risk Oversight Committee (ROC)
- Trust Committee (TrustCom)

A sound, robust and effective Enterprise Risk Management Framework (ERMF) coupled with global best practices were recognized as a necessity and are the prime responsibility of the BOD and senior management. The approach to risk is founded on strong corporate governance practices that are intended to strengthen the enterprise risk management of PNB, while positioning the Group to manage the changing regulatory environment in an effective and efficient manner.

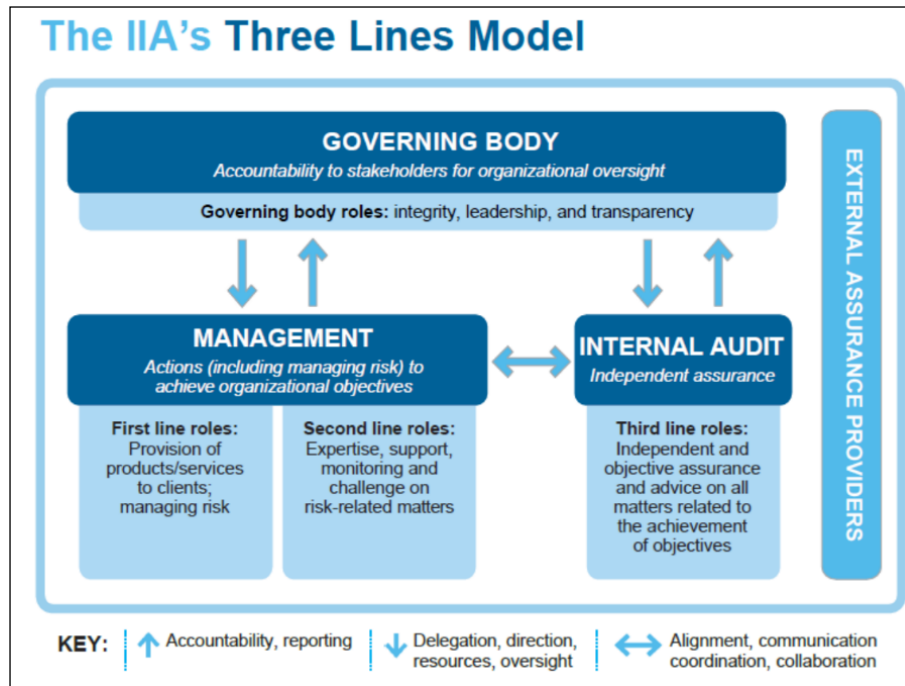
The Management Risk Committee (MRC) is a forum ensuring that the Bank's Enterprise Risk Management Framework (ERMF) is operationalized, and that Senior Management has an enterprise-level view of all material risks and that risk-mitigating actions properly determined and effectively executed.

Mainly composed of the Bank's Sector and Group Heads, the MRC will be responsible for reviewing and monitoring enterprise level risks and assessing risk responses proposed or taken by the relevant risk owner, and for providing inputs to the ERMF process. The committee shall periodically assess that the Bank's risk appetite statements are aligned with the business strategy and the overall objectives.

The approach to managing risk is outlined in the Bank's ERMF which creates the context for setting policies, standards, and establishing the right practices throughout the Group. It defines the risk

management processes and sets out the activities, tools, and organizational structure to ensure material risks are identified, measured, monitored, and managed.

PNB's ERMF, with regular reviews and updates, has served the Bank well and has been resilient through economic cycles. The organization has placed a strong reliance on this risk governance framework and the Three Lines Model: *Governing Body, Management, and Internal Audit*, which is fundamental to PNB's aspiration to be world-class at managing risk:



The Governing Body role, through the Bank's BOD, ensures there is an effective governance structure in place, where the Bank's objectives and activities are aligned with the interests of its stakeholders.

Management refers to the lines of business who are directly involved in managing risks and the support units who provide expertise and insight to the first line in managing risks. Second line roles include the Risk Management Group (RMG), Enterprise Information and Cyber Security Group (EICSG) and Global Compliance Group (GCG).

Internal Audit or the third line role, provides independent and objective assurance and advice on the adequacy and effectiveness of the Bank's control, governance, and risk management processes. It reports its findings to Management and the BACC to promote and facilitate continuous improvement.

The risk management framework of the Bank is under the direct oversight of the Chief Risk Officer (CRO) and Head of RMG who reports directly to the ROC. The CRO is supported by Division Heads with specialized risk management functions to ensure that a robust organization is maintained. RMG is independent from the business lines and organized into the following divisions: Credit Risk Division, ICAAP and Operational Risk Management Division, Market and ALM Division, Business Continuity Management and Vendor Risk Monitoring Division, Trust Risk Division, Business Intelligence and Warehouse Division, Model Validation Division, and Administrative and Support Department.

Each division monitors the implementation of the processes and procedures that support the policies for risk management applicable to the organization. These BOD-approved policies clearly define the kinds of risks to be managed, set forth the organizational structure and provide appropriate training necessary to manage and control risks.

The Bank's governance policies also provide for the validation, audits & compliance testing, to measure the effectiveness and suitability of the risk management structure. The Risk Management Group also functions as the Secretariat to both the ROC and the MRC which meets monthly to discuss the immediate previous month's total risk profile according to the material risks defined by the Bank in its internal capital adequacy assessment process (ICAAP) document.

Further, each risk division engages with all levels of the organization among its business and support groups. This ensures that the risk management and monitoring is embedded at origination.

The risk management system and the directors' criteria for assessing its effectiveness are revisited on an annual basis and limit settings are discussed with the business units and presented to the ROC for endorsement for final BOD approval.

In line with the integration of the BSP required ICAAP and risk management processes, PNB currently monitors the following material risks:

Pillar 1 Risks:

- Credit Risk (includes Counterparty and Country Risks);
- Market Risk; and
- Operational Risk.

Pillar 2 Risks:

- Credit Concentration Risk;
- Interest Rate Risk in Banking Book (IRRBB);
- Liquidity Risk;
- Reputational Risk;
- Strategic Business Risk;
- Model Risk;
- Information Security/ Cyber Security / Data Privacy Risk; and
- Information Technology Risk
- Human Resource Risk

Pillar 1 Risk Weighted Assets are computed based on the guidelines set forth in BSP Circular No. 538, Series of 2006 using the Standard Approach for Credit and Market Risks and Basic Indicator Approach for Operational Risks. Discussions that follow below are for Pillar 1 Risks with specific discussions relating to Pillar 2 risks mentioned above:

Risk Categories and Definitions

The risk process follows these four main aspects: Identification, Measurement, Evaluation (analysis) and Management (i.e. monitor, control and mitigate). Under the Bank's ERMF, we broadly classify and define risks into the following categories and manage the risks according to their characteristics:

Risk Category	Risk Definition	Risk Management Tools
Credit / counterparty Risk and Credit Concentration Risks	<p>Credit/counterparty risk is the risk to earnings or capital that arises from an obligor/s, customer/s or counterparty's failure to perform and meet the terms of its contract.</p> <p>Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of counterparties</p>	<p>Trend Analysis (Portfolio / Past Due and NPL Levels)</p> <p>Monitoring of Compliance to Regulatory and Internal Limits</p> <p>Stress Testing</p> <p>Rapid Portfolio Review</p> <p>CRR Migration</p> <p>Monitoring of Credit Risk Rating Migration</p>

Risk Category	Risk Definition	Risk Management Tools
	<p>with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sector). Its potential loss implications are large enough relative to a bank's capital, total assets, or overall risk level, to threaten a financial institution's health or ability to maintain its core operations. It is inherent in a bank's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance. (BSP MORB Sec 301.6, Series of 2009; BCBS).</p>	<p>Movement of Portfolio Concentrations and Demographics Review Large Exposure Report Adequacy of Loan Loss Reserves Review Specialized Credit Monitoring on Real Estate Pre- and Post-Credit Risk review</p>
Market Risk	<p>Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments, products, and transactions in an institution's overall portfolio, both on or off-balance sheet and contingent financial contracts. Market risk arises from market-making, dealing and position taking in interest rate, foreign exchange, equity, and commodities market. (BSP Cir. No. 544, Series of 2006).</p>	<p>Value at Risk (VaR) Limits Utilization monitoring Stop Loss Limits Management Triggers Risk Sensitivity / Duration Report ROP Exposure Limit Limit to Derivatives / Structured Products Stress Testing BSP Uniform Stress Testing</p>
Liquidity Risk	<p>Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from an FI's inability to meet its obligations when they come due. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the Bank's ability to liquidate assets quickly and with minimal loss in value. (BSP Cir. No. 510/545).</p>	<p>Maximum Cumulative Outflow (MCO) Limits Liquid Assets Monitoring, Ratios and Gap Analysis Stress testing Large Fund Provider Analysis Funding Liquidity / Contingency Planning</p>
Interest Rate Risk in the Banking Books (IRRBB)	<p>Interest rate risk is the current and prospective risk to earnings or capital arising from movements in interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (repricing risk); from changing rate relationships among different yield curves affecting financial institution (FI) activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in FI products (options risk). The amount at risk is a function of the magnitude and direction of interest rate changes and the size and</p>	<p>EAR Limits Measurement and Monitoring Balance Sheet Profiling Interest Repricing Gap Analysis Economic Value of Equity (EVE) Stress testing BSP Uniform Stress Testing</p>

Risk Category	Risk Definition	Risk Management Tools
	maturity structure of the mismatch position. (BSP Circ 1044, Series of 2019).	
Operational Risk	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk. Operational Risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the financial institution and across the different entities in a banking group or conglomerate where the financial institution belongs. (BSP Circular 900, dated 18 January 2016)	<p>Various Internal Control measures Board-Approved Operating Policies and Procedures Manuals Board-Approved Product Manuals Loss Events Report (LER) Risk and Control Self-Assessment (RCSA) Key Risk Indicators (KRI) Fraud Management Program Statistical Analysis Monitoring of Trading activities: Exception Report on Traders' Limit Exception Report on Rate Tolerance</p> <p>Monitoring of Pillar II Risks fall under the purview of Operational Risk Management: Risk Identification Risk Maps Risk Measurement and Analysis ICAAP Risk Assessment</p>
Business Continuity & Disaster Recovery	Business Continuity risk is the risk that an organization cannot maintain state of continued, uninterrupted operation of a business when its primary location of business(es) becomes inoperable due to unforeseen natural and man-made disaster or loss events. Disaster Recovery risk is the risk to the organization where the primary location of its technology assets that enables continuity of business becomes inoperable. (BSP 808 Series of 2013, BIS High-level Principles for Business Continuity 2006).	<p>BCP Planning (Business Impact Analysis, Risk Assessment, Recovery Strategies & BCP Testing). Crisis Management Plan Business Impact Analysis (BIA) Business Continuity Risk Assessment (BCRA) Departmental Business Continuity Plan (BCP) Test Script confirmations ITG BC-DRP Test Reports Tabletop Tests Call Tree Tests Business Continuity Daily Incident Monitoring</p>
Vendor Risk	Vendor Risk is the risk associated with the engagement with vendors, partners or service providers that may adversely impact the Bank's systems/applications, employee, customer, financial information, reputation, operation, strategic, regulatory and policies.	<p>Vendor Risk Assessment Vendor Risk Rating Performance Evaluation Vendor Risk Management Monitoring Masterfile Performance of Due Diligence during Vendor Selection Periodic review on (existing) vendor/service provider's performance (based on agreed services stated in the agreement), standing, and regulatory compliances.</p>

Risk Category	Risk Definition	Risk Management Tools
Reputational Risk	<p>Reputational risk is the current and prospective impact on earnings or capital arising from negative public opinion. This affects the Bank's ability to establish new relationships or services or continue servicing existing relationships. This risk may expose the Bank to litigation, financial loss, or a decline in its customer base. In extreme cases, the Bank loses its reputation and may suffer a bank run. (BSP Cir. No. 510, dated 03 Feb 2006).</p> <p>Reputational Risk also covers Customer Franchise Risk and Consumer Protection Risk. Customer Franchise Risk is defined in the Bank's Policy on ICAAP, as the failure to find, attract, and win new clients, nurture, and retain those the Bank already has, and entice former clients back into the fold as well as the failure to meet client's expectation in delivering the Bank's products and services. Consumer Protection Risk is defined as failure of the bank to deliver its mandate to provide appropriate service and protection to its financial consumers.</p>	<p>Consolidated Complaints Report After Call Satisfaction Survey Public Relations Campaign Profiling on the mobile and internet banking users Security measures for Digital Banking Fraud Management Program Social Media Management Framework Media Monitoring Tool Customer Feedback mechanism</p>
Strategic Business Risks	<p>Strategic business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of the firm's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. (BSP Cir. No. 510, dated 03 Feb 2006).</p>	<p>Regular ALCO Financial Updates Seminars and Economic briefings Banking industry reports and industry research studies Research Division's economic reports and forecasting and equities reports Management Profitability Reports Compliance Updates on new, revised regulations Retail Bank / Corporate Bank / Retail Lending weekly updates on performance/ volume levels Annual Strategic Planning Exercise</p>
Model Risk	<p>Model Risk is the risk that a model is not providing accurate output, being used inappropriately or that the implementation of an appropriate model is flawed. It can arise in a variety of forms and at different points within the model lifecycle i.e., Model Development, Model Implementation and Model Use. (Financial Services Board 2010 quoted by SGV Seminar on Model Risk Management and Validation for PNB, 03 October 2019).</p>	<p>Model validation report Model inventory Model exception monitoring database Model Risk Assessment (Model Health & Model Materiality)</p>
Information Security/ Cyber Security Risk	<p>Information Security (Infosec) risk is the risk to organizational operations (including mission, functions, image, and reputation), organizational assets, and individuals due to the potential for unauthorized access,</p>	<p>Incident Reporting Management Information Security Policy Formulation Risk Assessment</p>

Risk Category	Risk Definition	Risk Management Tools
	use, disclosure, disruption, modification or destruction of information or information assets that will compromise the Confidentiality, Integrity, and Availability (CIA). This covers data or information being processed, in storage or in transit. Cyber Risk is the risk associated with financial loss, disruption or damage to the reputation of an organization from failure, unauthorized or erroneous use of its information systems. (NIST IR 7298 Revision 2, Glossary of Key Information Security Terms, Page Numbers 98 & 100)	Information Security Management System Implementation Continuous InfoSec / cyber risk awareness campaigns Network Security Protection Limits on Access Privileges Scanning of outbound and inbound digital traffic Installation of firewalls, IPS/IDS, enterprise security solution (anti-virus for endpoint, email and internet). Conduct of internal and 3rd party vulnerability assessments and penetration testing (to include social engineering tests) and follow through on remediation of threats and risks
Data Privacy Risk	Data Privacy Risks are those that could lead to the unauthorized collection, use, disclosure or access of personal data. It includes risks that the confidentiality, integrity and availability of personal data will not be maintained, or the risk that processing will violate the rights of data subjects or the privacy principles (transparency, legitimacy and proportionality). Consequently, the data privacy risks may negatively impact the Bank's reputation and may result to noncompliance issue and financial losses. (Data Privacy Act of 2012 or RA 10173).	Enterprise-wide Implementation of Data Privacy Management System Institutionalization of data privacy and protection culture within the group through regular awareness programs Conduct of Privacy Impact Assessment (PIA) as required by DPA of 2012
Information Technology Risk	Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular 808) It is also a business risk that is associated with the use, ownership, operation, involvement, influence and adoption of IT within the Bank [2]. It consists of IT-related events that could potentially impact the business. IT Risk includes Information Security Risk that could result from non-preservation of any or all of the domains of information security; that is, confidentiality, integrity and availability of information asset. (ISACA Risk IT Framework).	Risk Awareness Campaigns IT Risk Assessments Formal Project Management Program adoption Vulnerability Assessment and Penetration Testing Maintenance and upgrades of disaster recovery sites Business Users / IT joint engagement for problem resolution Technology Operations Management Policies & Guidelines IT Risk Monitoring IT Risk Assessment Project Risk Assessment
Human Resource Risk	Human Resource Risk covers the Bank's risk of financial loss due to the inadequate training, inexperience, or illegal activities of risk-taking behavior of personnel. This risk is closely related to operations risk and its internal control aspects. It highlights the human side of risk-taking and the role and	Institutionalize policies covering: Talent Acquisition/Retention and Career Management; Remuneration Management; Performance Appraisal System covering the following main tools:

Risk Category	Risk Definition	Risk Management Tools
	adequacy of code of conduct, personnel policies, training and development programs, ability to recruit and retain employees through adequate compensation and benefits and ability to sustain adequate workforce through succession planning.	Sourcing and Screening of Candidates General Qualification Requirements for Applicants Screening and Pre-employment Assessment Exams Selection Interviews Candidate Matching – ensuring “job fit” through person/position review Competitive compensation and employee benefits Compliance with Labor Law on payment of benefits and salaries Institutionalize the Bank’s Performance Appraisal System (e.g., targets versus achievements) Provide training and/or issue guidelines to ensure that the process is done objectively.

Regulatory Capital Requirements Under Basel III – Pillar 1 Capital Adequacy Ratio

The Bank’s Capital Adequacy Ratio as of December 31, 2022 stood at 15.38% on a consolidated basis while the Risk Weighted Assets (RWA) as of the end of 2022 amounted to ₱758.730 billion composed of ₱646.898 billion (Credit Risk-Weighted Assets – CRWA), ₱32.855 billion (Market Risk-Weighted Assets – MRWA) and ₱78.977 billion (Operational Risk-Weighted Assets – ORWA).

The Bank’s total regulatory requirements for the four (4) quarters for 2022 are as follows:

Consolidated	Weighted Exposures (As of End of Every Quarter of 2022)			
(Amounts in ₱ millions)	Dec 31	Sept 30	June 30	Mar 31
CRWA	646,898	688,785	653,838	629,456
MRWA	32,855	41,334	43,326	44,143
ORWA	78,977	78,977	78,977	78,977
Total Risk-Weighted Assets	758,730	809,096	776,141	752,576
Common Equity Tier 1 Ratio	14.58%	13.78%	14.53%	14.01%
Capital Conservation Buffer	8.58%	7.78%	8.53%	8.01%
Total Capital Adequacy Ratio	15.38%	14.49%	15.24%	14.69%

Presented below is the full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements as at December 31, 2022 attributable to the Bank (amounts in thousands):

Accounts	Balance in Financial Reporting Package	Accounting differences and other adjustments	Balance in Audited Financial Statements
Capital stock	₱61,030,594	₱–	₱61,030,594
Additional paid-in capital	32,106,560	–	32,106,560
Surplus reserves	4,373,141	556,101	4,929,242
Surplus	67,697,114	6,222,795	73,919,909
Net unrealized loss on available-for-sale investments	(5,648,377)	(310,898)	(5,959,275)
Remeasurement losses on retirement plan	(2,244,634)	21,689	(2,222,945)
Accumulated translation adjustment	1,051,631	1,262,816	2,314,447
Other equity reserves	390,517	–	390,517
Share in aggregate reserves on life insurance policies	–	136,096	136,096
TOTAL	₱158,756,546	₱7,888,599	₱166,645,145

Credit Risk-Weighted Assets as of December 31, 2022

The Bank adopts the standardized approach in quantifying the risk-weighted assets. Credit risk exposures are risk weighted based on third party credit assessments of Fitch, Moody's, Standard & Poor's and PhilRatings agencies. The ratings of these agencies are mapped in accordance with the BSP's standards. The following are the consolidated credit exposures of the Bank and the corresponding risk weights:

In ₱ Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Cash & Cash Items	22,166	-	22,166	22,135	31	-	-	-	-
Due from BSP	94,714	-	94,714	94,714	-	-	-	-	-
Due from Other Banks	28,091	-	28,091	-	14,852	11,587	-	1,652	-
Financial Asset at FVPL	-	-	-	-	-	-	-	-	-
Available for Sale	1,614	-	1,614	-	-	-	-	1,614	-
Held to Maturity (HTM)	111,833	5,717	106,116	64,060	7,861	25,143	-	9,052	-
Unquoted Debt Securities	-	-	-	-	-	-	-	-	-
Loans & Receivables	598,304	5,168	593,136	207	74,633	32,755	-	469,022	16,520
Loans and Receivables Arising from Repurchase Agreements, Securities Lending and Borrowing Transactions	64,579	38,250	26,329	26,096	-	233	-	-	-
Sales Contracts Receivable	4,682	-	4,682	-	-	-	-	4,477	205

In ₱ Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Real & Other Properties Acquired	10,284	-	10,284	-	-	-	-	-	10,284
Other Assets	27,056	-	27,056	1,431	-	-	-	25,625	-
Total On-Balance Sheet Asset	963,324	49,135	914,189	208,643	97,377	69,718	-	511,442	27,009
Total Risk Weighted Asset - On-Balance Sheet	-	-	-	-	19,475	34,859	-	511,442	40,514
Total Risk Weighted Asset - Off-Balance Sheet Asset	-	-	-	-	-	1,350	-	33,599	-
Counterparty Risk Weighted Asset in Banking Book	-	-	-	-	-	434	-	-	-
Counterparty Risk Weighted Asset in Trading Book	-	-	-	-	-	1,491	-	470	-

* Credit Risk Mitigants used are cash, guarantees and warrants.

Market Risk-Weighted Assets as of December 31, 2022

The Bank's regulatory capital requirements for market risks of the trading portfolio are determined using the standardized approach ("TSA"). Under this approach, interest rate exposures are charged both for specific risks and general market risk. The general market risk charge for trading and Fair Value through Other Comprehensive Income (FVOCI) portfolio is calculated based on the instrument's coupon and remaining maturity with risk weights ranging from 0% for items with very low market risk (i.e., tenor of less than 30 days) to a high of 12.5% for high risk-items (i.e., tenor greater than 20 years) while capital requirements for specific risk are also calculated for exposures with risk weights ranging from 0% to 8% depending on the issuer's credit rating. On the other hand, equities portfolio is charged 8% for both specific and general market risk while foreign exchange (FX) exposures are charged 8% for general market risks only.

Capital Requirements by Market Risk Type under the Standardized Approach

(Amounts in ₱ Millions)	Capital Charge (a)	Adjusted Capital Charge (b) $b = a * 125\% \text{ }^1/$	Market Risk Weighted Exposures (c) $c = b * 10 \text{ }^2/$
Interest Rate Exposures	2,520.647	3,150.809	31,508.086
Specific Risk	1,047.803	1,309.753	13,097.531
General Market Risk	1,472.844	1,841.056	18,410.555
Equity Exposures	0.464	0.579	5.796
Foreign Exchange Exposures	107.240	134.049	1,340.494
Total	2,628.351	3,285.437	32,854.376
Notes: 1/ Capital charge is multiplied by 125% to be consistent with BSP required minimum Capital Adequacy Ratio (CAR) of 10%, which is 25% higher than the Basel minimum of 8%. 2/ Adjusted capital charge is multiplied by 10 (i.e. the reciprocal of the minimum capital ratio of 10%)			

The following are the Bank's exposure with assigned market risk capital charge.

Interest Rate Exposures consist of specific risk and general market risk.

Specific Risk

Specific Risk which reflects the type of issuer of the combined portfolio of financial assets designated at Fair Value through Profit or Loss (FVPL) and FVOCI is ₱138,383.947 million and is composed of securities with various tenors that are subjected to risk weight ranging from 0% to 8%. Five percent (5%) of these securities are issued by Republic of the Philippines (ROP) while 4% is attributable to debt securities rated AAA to BBB- issued by other entities. The remaining portfolio consists of all other debt securities that are issued by other entities. Three percent (3%) of this combined portfolio is composed of USD-denominated debt securities issued by the Philippines with applicable risk weight of 0.25% to 1.6%. On the other hand, the Bank's holding in peso denominated securities which are estimated at eighty percent (80%) of the portfolio have zero risk weight.

Part IV.1a INTEREST RATE EXPOSURES – SPECIFIC RISK (Amounts in ₱ millions)							
	Positions	Risk Weight					
		0.00%	0.25%	1.00%	1.60%	8.00%	Total
PHP-denominated debt securities issued by the Philippine National Government (NG) and BSP	Long	111,043.912	–	–	–	–	111,043.912
	Short	–	–	–	–	–	–
FCY-denominated debt securities issued by the Philippine NG/BSP	Long	–	1,506.231	1,341.051	3,417.113	–	6,264.395
	Short	–	–	–	–	–	–
Debt securities/derivatives with credit rating BBB- and above issued by other sovereigns	Long	–	2,371.217	353.102	1,721.389	–	4,445.708
	Short	–	–	–	–	–	–
Debt securities/derivatives with credit rating of AAA to BBB-issued by other entities	Long	–	860.127	2,758.166	2,057.996	–	5,676.289
	Short	–	–	–	–	–	–
All other debt securities/derivatives that are below BBB- and unrated	Long	–	–	–	–	10,953.643	10,953.643
	Short	–	–	–	–	–	–
Subtotal	Long	111,043.912	4,737.575	4,452.319	7,196.498	10,953.643	138,383.947
	Short	–	–	–	–	–	–
Risk Weighted Exposures [Sum of long and short positions times the risk weight]		–	11.844	44.523	115.144	876.291	1,047.803

Part IV.1a INTEREST RATE EXPOSURES – SPECIFIC RISK (Amounts in ₱ millions)							
	Positions	Risk Weight					
		0.00%	0.25%	1.00%	1.60%	8.00%	Total
Specific Risk Capital Charge for Credit-Linked Notes and Similar Products		–	–	–	–	–	–
Specific Risk Capital Charge for Credit Default Swaps and Total Return Swaps		–	–	–	–	–	–
Specific Risk Capital Charge for Debt Securities and Debt Derivatives		–	11.844	44.523	115.144	876.291	1,047.803

General Market Risk – Peso

The Bank's total General Market Risk of its Peso debt securities and interest rate derivative exposure is ₱122,370.885 million. In terms of weighted positions, the greater portion (21%) of the Bank's capital charge comes from the Over 2 years to 3 years bucket at ₱25,181.274 million as well as Over 1 year to 2 years bucket (17%) at ₱20,493.656 million or a combined capital charge of ₱696.843 million. The remaining weighted positions (83%) are distributed over the remaining buckets.

Currency: PESO							
PART IV.1d GENERAL MARKET RISK (Amounts in ₱ millions)							
Zone	Time Bands		Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions	
			Total Individual Positions				
	Coupon 3% or more	Coupon less than 3%	Long	Short		Long	Short
1	1 month or less	1 month or less	94,839.534	22,001.729	0.00%	0.000	0.000
	Over 1M to 3M	Over 1M to 3M	9,042.074	28,237.665	0.20%	18.084	56.475
	Over 3M to 6M	Over 3M to 6M	10,172.043	2,374.880	0.40%	40.688	9.500
	Over 6M to 12M	Over 6M to 12M	6,448.963	2,761.591	0.70%	45.143	19.331
2	Over 1Y to 2Y	Over 1.0Y to 1.9Y	20,493.656	0.000	1.25%	256.171	0.000
	Over 2Y to 3Y	Over 1.9Y to 2.8Y	25,181.274	0.000	1.75%	440.672	0.000
	Over 3Y to 4Y	Over 2.8Y to 3.6Y	2,374.896	0.000	2.25%	53.435	0.000
3	Over 4Y to 5Y	Over 3.6Y to 4.3Y	2,382.759	0.000	2.75%	65.526	0.000
	Over 5Y to 7Y	Over 4.3Y to 5.7Y	6,800.413	0.000	3.25%	221.013	0.000
	Over 7Y to 10Y	Over 5.7Y to 7.3Y	10.393	0.000	3.75%	0.390	0.000
	Over 10Y to 15Y	Over 7.3Y to 9.3Y	0.000	0.000	4.50%	0.000	0.000
	Over 15Y to 20Y	Over 9.3Y to 10.6Y	0.746	0.000	5.25%	0.039	0.000
	Over 20Y	Over 10.6Y to 12Y	0.000	0.000	6.00%	0.000	0.000
		Over 12Y to 20Y	0.000	0.000	8.00%	0.000	0.000
		Over 20Y	0.000	0.000	12.50%	0.000	0.000
Total			177,746.751	55,375.866		1,141.161	85.306
Overall Net Open Position							1,055.855
Vertical Disallowance							4.691
Horizontal Disallowance							15.356
Total General Market Risk Capital Charge							1,075.903

General Market Risk – US Dollar

The capital charge on the Bank's General Market Risk from dollar-denominated exposures is ₱386.273 million. The exposure is concentrated under the Over 5 year to 7 years' time bucket with risk weight of 3.25% resulting in a capital charge of ₱83.379 million. The balance is distributed across other time buckets up to over 20 years with capital charge ranging from ₱0.037 million to ₱75.117 million.

Currency: USD							
PART IV.1d GENERAL MARKET RISK (Amounts in ₱ millions)							
Zone	Time Bands		Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions	
			Total Individual Positions				
	Coupon 3% or more	Coupon less than 3%	Long	Short		Long	Short
1	1 month or less	1 month or less	28,858.073	54,255.076	0.00%	0.000	0.000
	Over 1M to 3M	Over 1M to 3M	32,035.502	5,463.990	0.20%	64.071	10.928
	Over 3M to 6M	Over 3M to 6M	6,356.531	4,629.317	0.40%	25.426	18.517
	Over 6M to 12M	Over 6M to 12M	3,284.826	1,393.875	0.70%	22.994	9.757
2	Over 1Y to 2Y	Over 1.0Y to 1.9Y	4,158.244	0.000	1.25%	51.978	0.000
	Over 2Y to 3Y	Over 1.9Y to 2.8Y	4,292.371	0.000	1.75%	75.117	0.000
	Over 3Y to 4Y	Over 2.8Y to 3.6Y	2,578.986	0.000	2.25%	58.027	0.000
3	Over 4Y to 5Y	Over 3.6Y to 4.3Y	1,496.242	0.000	2.75%	41.147	0.000
	Over 5Y to 7Y	Over 4.3Y to 5.7Y	2,565.518	0.000	3.25%	83.379	0.000
	Over 7Y to 10Y	Over 5.7Y to 7.3Y	51.712	0.000	3.75%	1.939	0.000
	Over 10Y to 15Y	Over 7.3Y to 9.3Y	27.304	0.000	4.50%	1.229	0.000
	Over 15Y to 20Y	Over 9.3Y to 10.6Y	0.710	0.000	5.25%	0.037	0.000
	Over 20Y	Over 10.6Y to 12Y	0.000	0.000	6.00%	0.000	0.000
		Over 12Y to 20Y	0.000	0.000	8.00%	0.000	0.000
		Over 20Y	1.052	0.000	12.50%	0.132	0.000
Total			85,707.072	65,742.258		425.475	39.202
Overall Net Open Position							386.273
Vertical Disallowance							3.920
Horizontal Disallowance							0.000
Total General Market Risk Capital Charge							390.193

General Market Risk – Third Currencies

The Bank is likewise exposed to various third currencies contracts most of them are in less than 30 days thus carries a 0% risk weight. The combined general market risk charge for contracts in Australian Dollar (AUD), Singaporean Dollar (SGD), Hong Kong Dollar (HKD), New Zealand Dollar (NZD), Euro (EUR), and Pound Sterling (GBP) is ₧1.043 million with risk weight of 0.20%.

PART IV.1d GENERAL MARKET RISK (Amounts in ₧ millions)										
Currency	Time Bands	Total Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions		Overall Net Open Position	Vertical disallowance	Horizontal disallowance within	Total General Market Risk Capital Charge
		Long	Short		Long	Short				
AUD	1 month or less	0.000	26.290	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	0.000	0.20%	0.000	0.000				
TOTAL		0.000	26.290		0.000	0.000	0.000	–	–	0.000
SGD	1 month or less	0.000	70.226	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	279.023	0.20%	0.000	0.558				
TOTAL		0.000	349.248		0.000	0.558	0.558	–	–	0.558
JPY	1 month or less	–	186.593	0.00%	–	–				
TOTAL		–	186.593		–	–	–	–	–	–
HKD	1 month or less	0.000	1,150.449	0.00%	0.000	0.000				

PART IV.1d GENERAL MARKET RISK (Amounts in ₱ millions)										
Currency	Time Bands	Total Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions		Overall Net Open Position	Vertical disallowance	Horizontal disallowance within	Total General Market Risk Capital Charge
		Long	Short		Long	Short				
	Over 1M to 3M	0.000	1,261.245	0.20%	0.000	2.522				
	Over 3M to 6M	0.000	441.833	0.40%	0.000	1.767				
TOTAL		0.000	2,853.527		0.000	4.290	4.290	–	–	4.290
KRW	1 month or less	2,865.484	2,865.484	0.00%	–	–				
	Over 1M to 3M	0.000	0.000	0.20%	–					
TOTAL		2,865.484	2,865.484		–	–	–	–	–	–
NZD	1 month or less	0.000	0.000	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	14.070	0.20%	0.000	0.028				
TOTAL		0.000	14.070		–	0.028	0.028	–	–	0.028
EUR	1 month or less	34.154	147.918	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	118.334	0.20%	0.000	0.237				
	Over 3M to 6M	3,404.481	3,404.481	0.40%	13.618	13.618				
TOTAL		3,438.635	3,670.733		13.618	13.855	0.237	1.362	–	1.598
GBP	1 month or less	–	40.200	0.00%	0.000	0.000				
	Over 1M to 3M	–	67.001	0.20%	0.000	0.134				
TOTAL		0.000	107.201		0.000	0.134	0.134	–	–	0.134
CAD	1 month or less	0.000	0.000	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	69.653	0.20%	0.000	0.139				
TOTAL		0.000	69.653		0.000	0.139	0.139	–	–	0.139
TOTAL THIRD CURRENCIES										6.747

Equity Exposures

The Bank's holdings are in the form of preferred stocks traded in the PSE, with 8% risk weight both for specific and general market risk. The Bank's capital charge for equity weighted positions is ₱0.464 million or total risk-weighted equity exposures of ₱5.796 million.

Item	Nature of Item	Positions	Stock Markets
			Philippines
A.1	Common Stocks	Long	–
		Short	–
A.9	Others	Long	2.898
		Short	–
A.10	TOTAL	Long	2.898
		Short	–
B.	Gross (long plus short) positions (A.10)		2.898
C.	Risk Weights		8%
D.	Specific risk capital charges (B. times C.)		0.232
E.	Net long or short positions		2.898
F.	Risk Weights		8%
G.	General market risk capital charges (E. times F.)		0.232
H.	Total Capital Charge For Equity Exposures (sum of D. and G.)		0.464
I.	Adjusted Capital Charge For Equity Exposures (H. times 125%)		0.580
J.	Total Risk-Weighted Equity Exposures (I. times 10)		5.796

Foreign Exchange Exposures

The Bank's exposure to FX Risk carries a capital charge of ₱1,340.494 million. This includes Php 1.008 million arising from exposure in Non-Deliverable Forwards (NDFs) which carries a 4% risk weight while ₱1,339.486 million is from FX Exposures with 8% risk weight in FX assets and FX liabilities in USD, and third currencies not limited to Japanese Yen (JPY), Swiss Franc (CHF), Pound Sterling (GBP), EUR, CAD, AUD, Singapore Dollar (SGD) and other minor currencies.

Part IV. 3 FOREIGN EXCHANGE EXPOSURES (as of December 31, 2022)						
Nature of Item	Currency	Closing Rate USD/₱:			55.755	
		In Million USD Equivalent				In Million Pesos
		Net Long/(Short) Position (excluding options)		Net Delta- Weighted Positions of FX Options	Total Net Long/(Short) Positions	Total Net Long/(Short) Position
		Banks	Subsidiaries /Affiliates			
		1	2	3	4=1+2+3	5
Currency						
A.1 U.S. Dollar	USD	12.658	1.377		14.035	782.526
A.2 Japanese Yen	JPY	2.762	0.340		3.103	173.000
A.3 Swiss Franc	CHF	0.465	0.000		0.465	25.937
A.4 Pound Sterling	GBP	0.043	(0.170)		(0.127)	(7.073)
A.5 Euro	EUR	0.711	0.032		0.743	41.453
A.6 Canadian Dollar	CAD	(0.080)	0.000		(0.080)	(4.455)
A.7 Australian Dollar	AUD	0.027	0.000		0.027	1.511
A.8 Singapore Dollar	SGD	3.042	0.000		3.042	169.634
A.9 Foreign currencies not separately specified above						
Arab Emirates Dirham	AED	0.096	0.000		0.096	5.350
Bahrain Dinar	BHD	0.004	0.000		0.004	0.214
Brunei Dollar	BND	0.001	0.000		0.001	0.029
Yuan Renminbi	CNY	(0.292)	0.000		(0.292)	(16.261)
Hongkong Dollar	HKD	1.893	0.525		2.417	134.774
Korean Won	KRW	0.082	0.000		0.082	4.574
Malaysian Ringgit	MYR	0.003	0.000		0.003	0.190
Norwegian Krone	NOK	0.000	0.000		0.000	0.000
New Zealand Dollar	NZD	(0.040)	0.000		(0.040)	(2.252)
Saudi Riyal	SAR	(0.009)	0.000		(0.009)	(0.478)
Thai Baht	THB	0.003	0.000		0.003	0.163
Taiwan Dollar	TWD	0.002	0.000		0.002	0.129
Indo Rupiah	INR	0.000	0.000		0.000	0.000

Part IV. 3 FOREIGN EXCHANGE EXPOSURES (as of December 31, 2022)						
	Closing Rate USD/₱:					55.755
Nature of Item	Currency	In Million USD Equivalent				In Million Pesos
		Net Long/(Short) Position (excluding options)		Net Delta-Weighted Positions of FX Options	Total Net Long/(Short) Positions	Total Net Long/(Short) Position
		Banks	Subsidiaries /Affiliates			
		1	2	3	4=1+2+3	5
A.10 Sum of net long positions						1,339.486
A.11 Sum of net short positions						(30.519)
B. Overall net open positions 1/						1,339.486
C. Risk Weight						8%
D. Total Capital Charge for Foreign Exchange Exposures (B. times C.)						107.159
E. Adjusted Capital Charge for Foreign Exchange Exposures (D. times 125%)						133.949
F. Total Risk-Weighted Foreign Exchange Exposures, Excluding Incremental Risk-Weighted Foreign Exchange Exposures Arising from NDF Transactions (E. times 10)						1,339.486
G. Incremental Risk-Weighted Foreign Exchange Exposures Arising from NDF Transactions (Part IV.3A, Item F.)						1.008
H. Total Risk-Weighted Foreign Exchange Exposures (Sum of F. and G.)						1,340.494

Operational Risk-Weighted Assets as of December 31, 2022

The Bank uses the Basic Indicator Approach in quantifying the risk-weighted assets for Operational Risk. Under the Basic Indicator Approach, the Bank is required to hold capital for operational risk equal to the average over the previous three years of a fixed percentage (15% for this approach) of positive annual gross income (figures in respect of any year in which annual gross income was negative or zero are excluded).

(Amounts in ₱ Millions) Consolidated as of December 31, 2022	Gross Income	Capital Requirement (15% x Gross Income)
2019 (Year 3)	41,827	6,274
2020 (Year 2)	43,151	6,473
2021 (Last Year)	41,386	6,208
Average for 3 Years		6,318
Adjusted Capital Charge (Average x 125%)		7,898
Total Operational Risk-Weighted Assets		78,977

Item 2. Properties

PNB's corporate headquarters is located at the PNB Financial Center on the southwest side of Roxas Boulevard, Pasay City, Metro Manila, bounded on the west side by the Pres. Diosdado P. Macapagal Boulevard and on the north side by the World Trade Center building. The Bank leases the premises occupying its Head Office and houses some of PNB's domestic subsidiaries.

Disclosed in Exhibit II (a) is the list of Bank-owned properties as of December 31, 2022.

The Bank leases the premises occupied by some of its branches. Lease contracts are generally for periods ranging from one year up to 25 years based on original tenor and are renewable upon mutual agreement of both parties under certain terms and conditions.

Disclosed in Exhibit II (b) is the list of Bank's branches (including Head Office) that are under lease as of December 31, 2022.

The Bank does not have any current plans to acquire any property within the next twelve (12) months.

Item 3. Legal Proceedings

The Bank is a party to various legal proceedings which arise in the ordinary course of its operations. The Bank and its legal counsel believe that any losses arising from these contingencies, which are not specifically provided for, will not have a material adverse effect on its financial statements.

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

There was no matter submitted to a vote of the security holders during the fourth (4th) quarter of the year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

A. Market Price of and Dividends on Registrant’s Common Equity and Related Stockholders Matters:

1. Market Information

All issued PNB common shares are listed and traded on the PSE. The high and low sales prices of PNB shares for each quarter for the last two (2) fiscal years are:

	<u>2021</u>		<u>2022</u>	
	High	Low	High	Low
Jan – Mar	29.50	22.55	21.15	18.74
Apr – Jun	31.80	19.96	19.44	17.54
Jul – Sep	23.10	19.82	18.86	16.72
Oct – Dec	22.50	19.00	20.50	16.72

The trading price of each PNB common share as of December 31, 2022 was ₱19.00.

2. Holders

There are 36,192 shareholders as of December 31, 2022. The top twenty (20) holders of common shares, the number of shares held, and the percentage to total shares outstanding held by each are as follows:

No.	Stockholders	Common Shares	Percentage To Total Outstanding Capital Stock
1.	PCD Nominee Corporation (Filipino)	222,696,906	14.5957554337
2.	Key Landmark Investments, Ltd.	133,277,924	8.7351549618
3.	True Success Profits Limited	82,017,184	5.3754799765
4.	Caravan Holdings Corporation	82,017,184	5.3754799765
5.	Solar Holdings Corporation	82,017,184	5.3754799765
6.	Prima Equities & Investments Corp.	71,765,036	4.7035449794
7.	Leadway Holdings, Inc.	65,310,444	4.2805052168
8.	Infinity Equities, Inc.	61,512,888	4.0316099824
9.	Pioneer Holdings Equities, Inc.	34,254,212	2.2450518506
10.	Multiple Star Holdings Corp.	30,798,151	2.0185385055
11.	Donfar Management Limited	30,747,898	2.0152448787
12.	Uttermost Success, Limited	30,233,288	1.9815168766
13.	Mavelstone International Limited	29,575,168	1.9383831001
14.	Pan Asia Securities Corporation	29,510,390	1.9341374918
15.	Kenrock Holdings Corp.	26,018,279	1.7052613973
16.	Fil-Care Holdings, Inc.	25,450,962	1.6680789310
17.	Fairlink Holdings Corp.	25,207,795	1.6521415472
18.	Purple Crystal Holdings, Inc.	24,404,724	1.5995075519
19.	Kentron Holdings & Equities Corp.	24,361,225	1.5966565883
20.	Fragile Touch Investments, Ltd.	22,696,137	1.4875252238

3. Dividends

The Bank's ability to pay dividends is contingent on its ability to set aside unrestricted retained earnings for dividend distribution. In addition, the Bank's declaration of dividends, including computation of unrestricted retained earnings, is subject to compliance with certain rules and regulations prescribed by the BSP as provided under the Manual of Regulations for Banks and subject to compliance with such financial regulatory requirements as may be applicable to the Bank at the time of such declaration.

PNB has adopted the following general policy on the declaration of dividends:

"Dividends shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and the regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, subject to compliance with such financial regulatory requirements as may be applicable to the Bank."

On April 23, 2021, PNB's BOD approved and confirmed the property dividend declaration of up to 239,353,710 common shares of PNB Holdings, with par value of P100 per share, to all stockholders of record as of May 18, 2021 (Record Date), subject to regulatory and other necessary approvals.

The property dividend shall be paid at a ratio of 0.156886919 shares of PNB Holdings for every one (1) share of PNB. The ratio for property dividend was determined by dividing the total number of outstanding shares declared as property dividends of PNB Holdings, which is 239,353,710 common shares, by the total number of outstanding shares of the Bank, which is 1,525,764,850. In case a stockholder is entitled to a fractional PNB Holdings share, the Bank shall pay for such fraction in cash based on par value on the payment or settlement date.

On December 27, 2021, the Bank received the Certificate of Filing the Notice of Property Dividend Declaration issued by the Securities and Exchange Commission on December 24, 2021.

4. Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

There were no sales of unregistered securities within the past three (3) years.

5. Computation of Public Ownership

As of December 31, 2022, PNB's public ownership level is 21.25%, which more than complies with the minimum percentage of 10% for listed companies, in compliance with the public ownership requirement of the PSE.

B. Description of PNB's Securities

- As of December 31, 2022, PNB's authorized capital stock amounted to ₱70,000,000,040.00 divided into 1,750,000,001 common shares having a par value of ₱40.00 per share.
- The total number of common shares outstanding as of December 31, 2022 is 1,525,764,850. This includes the 423,962,500 common shares issued relative to the merger of PNB and ABC subject of the Registration Statement approved by the SEC and listed with the PSE.

- As of December 31, 2022, a total of 1,506,433,682 common shares (or 98.73%) are held by Filipino-Private Stockholders, while the remaining 19,331,168 common shares (or 1.27%) are held by Foreign-Private Stockholders. PNB has a total of ₱61,030,594,000.00 subscribed capital.
- The Bank's stockholders have no pre-emptive right to subscribe to any new or additional issuance of shares by the Bank, regardless of the class of shares, whether the same are issued from the Bank's unissued capital stock or in support of an increase in capital. (*Item Seventh of PNB's Amended Articles of Incorporation*)
- At each meeting of the stockholders, every stockholder entitled to vote on a particular question involved shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Bank at the time of the closing of the transfer books for such meeting or on the record date fixed by the BOD. (*Section 4.9, Article IV, PNB's Amended By-Laws*)
- Section 23 of the Revised Corporation Code of the Philippines provides that “*x x x stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or distribute them on the same principle among as many candidates as may be seen fit x x x*”.

Item 6. Management's Discussion and Analysis

2022 vs 2021

The Group's consolidated total assets stood at ₱1,145.2 billion as of December 31, 2022, 3.8% or ₱45.6 billion lower compared to ₱1,190.8 billion reported as of December 31, 2021. Major changes in assets (+/-5% variance) were registered in the following accounts:

- Cash and cash equivalents and certain interbank loans receivable decreased as follows:

(In Thousands)	December 31		Increase/ (Decrease)	%
	2022	2021		
Cash and Other Cash Items	₱22,217,915	₱27,552,773	(₱5,334,858)	(19.4)
Due from Bangko Sentral ng Pilipinas	94,701,360	161,001,912	(66,300,552)	(41.2)
Due from Other Banks	26,010,183	27,222,083	(1,211,900)	(4.5)
Interbank Loans Receivable	16,290,101	32,106,088	(15,815,987)	(49.3)
Securities Held under Agreements to Resell	64,523,863	15,796,673	48,727,190	308.5

In 2022, the Group reduced its cash in vaults by ₱6.0 billion to further use in interest-yielding assets.

Please refer to the consolidated statements of cash flows for more information relating to cash and cash equivalents.

- Trading and investment securities, which consist of Financial Assets at Fair Value Through Profit or Loss (FVTPL), Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized Cost, representing 24.1% and 22.6% of the Group's total assets as of December 31, 2022 and 2021, respectively, are higher by ₱7.4 billion or 2.8%, mainly due to net acquisitions of investment securities at amortized cost during the period, partly offset by the mark-to-market losses and net maturities and/or disposals of financial assets at FVOCI and financial assets at FVTPL.

- Loans and Receivables, net of allowance for credit losses, represent 51.8% and 51.0% of the Group's total assets as of December 31, 2022, and 2021, respectively. Loans and Receivables decreased by ₱13.9 billion at ₱593.1 billion as of December 31, 2022 from ₱607.0 billion as of December 31, 2021, mainly due to ₱6.7 billion net payments of loans and receivables and additional provision for impairment, credit and other losses of ₱7.2 billion.
- Property and Equipment and Intangible Assets (including Goodwill) as of December 31, 2022 at ₱12.0 billion and ₱13.1 billion, respectively, decreased by ₱1.5 billion and ₱0.6 billion, respectively, compared to ₱13.5 billion and ₱13.7 billion, respectively, as of December 31, 2021, mainly due to depreciation and amortization during the year.
- Investment in an Associate went up by ₱0.2 billion at ₱2.7 billion as of December 31, 2022, compared to ₱2.5 billion as of December 31, 2021, pertaining mostly to additional investment in Allianz-PNB Life Insurance, Inc. during the year.
- Investment Properties as of December 31, 2022, at ₱13.8 billion increased by ₱3.1 billion compared to ₱10.7 billion as of December 31, 2021, due to new foreclosures during the year, offset by disposals of real and other properties during the year.
- Other Assets as of December 31, 2022, at ₱4.2 billion declined by ₱0.6 billion from ₱4.8 billion as of December 31, 2021, mainly due ₱0.8 billion decrease in creditable withholding taxes, which were applied against the Group's income tax liability.

The Group's consolidated liabilities were at ₱975.3 billion as of December 31, 2022, 5.3% or ₱54.3 billion lower from ₱1,029.6 billion as of December 31, 2021. Major changes (+/-5% variance) in liability accounts were as follows:

- Deposit Liabilities at ₱871.2 billion and ₱894.9 billion, which represent 89.3% and 86.9% of the Group's total liabilities as of December 31, 2022 and 2021, respectively, are lower by ₱23.7 billion or 2.6% mainly due to decrease in Time Deposits by ₱39.6 billion or 26.1%, and maturity of a Long-Term Negotiable Certificate of Deposit amounting to ₱9.1 billion, partially offset by an increase in Savings Deposits of ₱21.4 billion or 4.3%, and Demand Deposits by ₱3.7 billion or 1.7%.
- Financial Liabilities at FVTPL are ₱0.1 billion higher than the 2021 year-end balance of ₱891.5 million mainly from the increase in negative fair value balance of stand-alone currency forwards as of December 31, 2022.
- Bills and Acceptances Payable is lower by ₱38.0 billion or 71.7% from ₱53.0 billion as of December 31, 2021, to ₱15.0 billion as of December 31, 2022, brought by net settlements of short-term interbank borrowing and repurchase agreements during the year.
- Accrued Taxes, Interest and Other Expenses were higher by ₱1.4 billion, from ₱7.8 billion as of December 31, 2021, to ₱9.1 billion as of December 31, 2022, mainly due to the increase in accrued promotional costs and accrued interest payable.
- Bonds Payable increased by ₱5.0 billion from ₱53.4 billion as of December 31, 2021 to ₱58.4 billion as of December 31, 2022, driven by the revaluation of foreign currency-denominated bonds.
- Income Tax Payable increased by ₱825.3 million from ₱157.7 million as of December 31, 2021 to ₱983.0 million as of December 31, 2022 representing tax accrual on the higher taxable income of the Group.

The Group's consolidated total equity stood at ₱169.9 billion as of December 31, 2022 from ₱161.2 billion as of December 31, 2021, or an increase of ₱8.7 billion attributed mainly to the ₱11.6 billion consolidated net income reported for the year ended December 31, 2022, ₱0.8 billion increase in Accumulated Translation Adjustment, ₱0.8 billion increase in Share in Aggregate Reserves (Losses) on Life Insurance Policies, ₱0.5 billion reduction in Remeasurement Losses on Retirement Plan and ₱0.3 billion increase in Non-controlling interests.

The increase in the consolidated total equity was offset by increase in Net Unrealized Losses on Financial Assets at FVOCI by ₱5.3 billion from ₱0.7 billion as of December 31, 2021 to ₱6.0 billion as of December 31, 2022.

2021 vs 2020

As of December 31, 2021, the Group posted total assets of ₱1,190.8 billion, 3.3% or ₱40.3 billion lower compared to ₱1,231.1 billion reported as of December 31, 2020. Major changes in assets were registered in the following accounts:

- Cash and Other Cash Items and Due from Other Banks as of December 31, 2021 at ₱27.6 billion and ₱27.2 billion, respectively, increased by ₱2.5 billion, and ₱7.5 billion compared to ₱25.1 billion, and ₱19.7 billion, respectively, as of December 31, 2020, while Due from Bangko Sentral ng Pilipinas and Interbank Loans Receivable as of December 31, 2021 decreased by ₱41.1 billion, and ₱7.6 billion from ₱202.1 billion and ₱39.7 billion, respectively, as of December 31, 2020.

Please refer to the consolidated statements of cash flows for more information relating to cash and cash equivalents.

- Trading and Investment Securities, which consist of Financial Assets at Fair Value Through Profit or Loss (FVTPL), Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized Cost, representing 22.6% and 20.5% of the Group's total assets as of December 31, 2021 and 2020, respectively, increased by ₱15.8 billion or 6.3%.
- Loans and Receivables, net of allowance for credit losses, represent 51.0% and 48.7% of the Group's total assets as of December 31, 2021 and 2020, respectively. Loans and Receivables slightly increased by ₱7.0 billion at ₱607.0 billion as of December 31, 2021 from ₱600.0 billion as of December 31, 2020, mainly due to ₱18.0 billion net releases of loans and receivables, offset by additional provision for impairment, credit and other losses of ₱11.0 billion.
- Property and Equipment and Investment Properties as of December 31, 2021 at ₱13.5 billion and ₱10.7 billion, respectively, decreased by ₱6.4 billion, and ₱3.7 billion compared to ₱19.9 billion and ₱14.4 billion, respectively, as of December 31, 2020 mainly due to loss of control over PNB Holdings Corporation (PNB Holdings), where certain Property and Equipment and Investment Properties with aggregate carrying values of ₱12.6 billion were transferred. In 2021, the investment in PNB Holdings as a subsidiary has been derecognized for financial reporting purposes.

- Investment in an Associate increased by ₱0.2 billion at ₱2.5 billion as of December 31, 2021 compared to ₱2.3 billion as of December 31, 2020, pertaining mostly to equity share in the net income of the associate for the year.
- Deferred Tax Assets decreased by ₱2.6 billion as of December 31, 2021 from ₱9.0 billion to ₱6.4 billion as of December 31, 2020, mainly due to enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which lowers the regular corporate income tax rate from 30% to 25%.
- In 2020, the Group reclassified the ₱7.9 billion assets and ₱6.4 billion liabilities of PNB General Insurers Inc. (PNB Gen) to 'Assets of disposal group classified as held for sale' and 'Liabilities of disposal group classified as held for sale', respectively, in the 2020 consolidated statement of financial position. These accounts were zeroed out in 2021 upon the sale of the Group's remaining stake in PNB Gen.
- Goodwill decreased to ₱11.2 billion as of December 31, 2021, from ₱13.4 billion as of December 31, 2020 due to the impairment losses amounting to ₱2.2 billion recorded in 2021.
- Other Assets as of December 31, 2021, at ₱4.8 billion decreased by ₱1.5 billion compared to ₱6.3 billion as of December 31, 2020.

The Group's consolidated total liabilities which stood at ₱1,029.6 billion as December 31, 2021, decreased by 4.2% or ₱45.6 billion from ₱1,075.2 billion as of December 31, 2020. Major changes in liabilities were registered in the following accounts:

- Deposit Liabilities at ₱894.9 billion and ₱890.3 billion, which represent 86.9% and 82.8% of the Group's total liabilities as of December 31, 2021 and 2020, respectively, increased by ₱4.6 billion mainly due to increase in Demand and Savings Deposits by ₱16.6 billion or 8.3%, and ₱73.0 billion or 17.1%, respectively. Time Deposits decreased by ₱85.0 billion or 35.9%.
- Financial Liabilities at FVTPL increased by ₱0.2 billion or 27.1% from 2020 year-end balance of ₱701.2 million mainly due to mark-to-market adjustments for the year.
- Lease Liabilities in compliance with PFRS 16 increased by ₱2.4 billion from ₱1.4 billion as of December 31, 2020, to ₱3.8 billion as of December 31, 2021, as a result of additional leases entered into by the Group during the year.
- Bills and Acceptances Payable declined by ₱34.2 billion or 39.2% from ₱87.2 billion as of December 31, 2020, to ₱53.0 billion as of December 31, 2021 brought by net settlements of interbank borrowing and repurchase agreements.
- Bonds Payable decreased by ₱10.7 billion, from ₱64.1 billion as of December 31, 2020 to ₱53.4 billion as of December 31, 2021, mainly due to the maturity of the ₱13.9 billion 6.3% fixed rate bonds of PNB in May 2021, partially offset by the ₱3.1 billion revaluation of foreign currency-denominated bonds.
- Accrued Taxes, Interest and Other Expenses were higher by ₱1.3 billion, from ₱6.4 billion as of December 31, 2020, to ₱7.8 billion as of December 31, 2021, mainly due to increase in accrued other expenses of the Bank.
- Income Tax Payable decreased by ₱0.7 billion from ₱0.9 billion as of December 31, 2020 to ₱0.2 billion as of December 31, 2021 due to the enactment of the CREATE Act.

- Other Liabilities as of December 31, 2021, at ₱15.7 billion decreased by ₱2.2 billion compared to ₱17.9 billion as of December 31, 2020.

The Group's consolidated total equity stood at ₱161.2 billion as of December 31, 2021 from ₱156.0 billion as of December 31, 2020, or an increase of ₱5.2 billion mainly due to the net income attributable to equity holders of the parent company for the year ended December 31, 2021 amounting to ₱31.7 billion, and increases in Surplus Reserves and Accumulated Translation Adjustment by ₱115.3 million and ₱785.5 million, respectively, and decrease in Share in Aggregate Losses on Life Insurance Policies and Remeasurement Losses on Retirement Plan by ₱412.4 million and ₱284.4 million, respectively. The increase in equity was offset by the decline in Net Unrealized Gains on Financial Assets at FVOCI from ₱3.1 billion as of December 31, 2020, to (₱0.7 billion) as of December 31, 2021, and property dividends declaration discussed below.

On April 23, 2021, the Bank's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings, representing 51% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion. On December 24, 2021, the SEC noted the property dividend declaration.

2020 vs 2019

The Group's consolidated total assets stood at ₱1,231.1 billion as of December 31, 2020, 7.8% or ₱88.8 billion higher compared to ₱1,142.3 billion reported as of December 31, 2019. Changes (more than 5%) in assets were registered in the following accounts:

- Cash and Other Cash Items as of December 31, 2020, decreased by ₱5.4 billion from ₱30.5 billion as of December 31, 2019. Due from Bangko Sentral ng Pilipinas, Due from Other Banks, Interbank Loans Receivables and Securities Held Under Agreements to Resell as of December 31, 2020 at ₱202.1 billion, ₱19.7 billion, ₱39.7 billion and ₱15.8 billion, respectively, increased by ₱96.1 billion, ₱2.0 billion, ₱14.9 billion and ₱13.3 billion compared to ₱106.0 billion, ₱17.8 billion, ₱24.8 billion and ₱2.5 billion, respectively, as of December 31, 2019.

Please refer to the consolidated statements of cash flows for more information relating to cash and cash equivalents.

- Trading and investment securities which consist of Financial Assets at Fair Value Through Profit or Loss (FVTPL), Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized Cost, representing 20.5% and 20.8% of the Group's total assets as of December 31, 2020 and 2019, respectively, increased by ₱15.7 billion or 6.6%, mainly due to purchases of various investment securities, net of maturities and disposals.
- Loans and Receivables represent 48.7% and 57.6% of the Group's total assets as of December 31, 2020 and 2019, respectively. Loans and Receivables decreased by ₱57.9 billion or 8.8%, at ₱600.0 billion as of December 31, 2020 from ₱657.9 billion as of December 31, 2019, mainly due to ₱41.0 billion net paydowns of loans and receivables and additional provision for impairment, credit and other losses of ₱16.9 billion.
- Investment in an Associate decreased by ₱0.3 billion or 11.3%, at ₱2.3 billion as of December 31, 2020 from ₱2.6 billion as of December 31, 2019, mainly due to additional share in net comprehensive losses of the associate.

- Deferred Tax Assets increased by ₱6.5 billion or 250.2%, at ₱9.0 billion as of December 31, 2020 from ₱2.6 billion as of December 31, 2019 mainly due to the recognition of additional deferred tax assets on allowance for expected credit losses, which the Group has the benefit of tax deductions against future taxable income only upon actual write-offs.
- Intangible Assets decreased by ₱0.3 billion or 11.6%, at ₱2.5 billion as of December 31, 2020 from ₱2.8 billion as of December 31, 2019 due to amortization.
- In 2020, the Group approved the sale of all its shareholdings in PNB General Insurers Co., Inc. (PNB Gen) to Alliedbankers Insurance Corporation (ABIC), an affiliate. As a result, the Group reclassified all the assets and liabilities of PNB Gen to 'Assets of disposal group classified as held for sale' and 'Liabilities of disposal group classified as held for sale', respectively, in the consolidated statement of financial position.
- Other Assets amounted to ₱6.3 billion as of December 31, 2020 or a decrease of ₱1.7 billion or 21.6% from ₱8.1 billion as of December 31, 2019.

The Group's consolidated total liabilities stood at ₱1,075.2 billion as of December 31, 2020 which increased by 8.9% or ₱87.8 billion from ₱987.3 billion as of December 31, 2019. Major changes in liabilities were registered in the following accounts:

- Deposit Liabilities totaling ₱890.3 billion and ₱826.0 billion which represent 82.8% and 83.7% of the Group's total liabilities as of December 31, 2020 and 2019, respectively, increased by ₱64.2 billion or 7.8%. Demand, Savings and Time Deposits went up by ₱27.5 billion or 16.0%, ₱33.8 billion or 8.6%, ₱9.8 billion or 4.3%, respectively. The increase in total deposits was partially offset by the decline in Long-Term Negotiable Certificates of Deposits (LTNCD) by ₱6.9 billion or 19.7% mainly due to maturities in June 2020.
- Financial Liabilities at FVTPL increased by ₱455.6 million or 185.5% from 2019 year-end balance of ₱245.6 million mainly from the increase in the volume of transactions for the year.
- Lease Liabilities decreased by ₱0.4 million or 24.4% at ₱1.4 billion as of December 31, 2020 mainly due to lease payments.
- Accrued Taxes, Interest and Other Expenses decreased by ₱0.5 billion, from ₱6.9 billion as of December 31, 2019 to ₱6.4 billion as of December 31, 2020, mainly due to lower accrual of expenses.
- Bills and Acceptances Payable increased by ₱31.2 billion or 55.7% from ₱56.0 billion to ₱87.2 billion as of December 31, 2019 and 2020, respectively, brought by the increase in the level of interbank borrowing and repurchase agreements.
- Income Tax Payable increased by ₱326.9 million from ₱576.2 million as of December 31, 2019 to ₱903.0 million as of December 31, 2020.
- Other Liabilities amounted to ₱17.9 billion as of December 31, 2020 or a decrease of ₱11.2 billion or 38.6% from ₱29.1 billion as of December 31, 2019, mainly from the decrease in reclassification of insurance contract liabilities to 'Liabilities of disposal group classified as held for sale' as discussed above.

The Group's consolidated total equity stood at ₱156.0 billion as of December 31, 2020 from ₱155.0 billion as of December 31, 2019, or an increase of ₱1.0 billion attributed mainly to the consolidated net income for the year ended December 31, 2020 amounting to ₱2.6 billion and ₱0.2 billion increase in Other Equity Reserves, offset by the following:

- decline in Net Unrealized Gains on Financial Assets at FVOCI from ₱3.3 billion as of December 31, 2019 to ₱3.1 billion as of December 31, 2020
- decrease in share in Aggregate Reserves on Life Insurance Policies of ₱1.1 billion
- decreases in Remeasurement Losses on Retirement Plan and Accumulated Translation Adjustment of ₱0.8 billion and ₱0.2 billion, respectively.

Further, transfer to surplus reserves in 2020 includes the appropriation of surplus amounting to ₱4.4 billion for the excess of 1% general loan loss provision over the computed expected credit losses for Stage 1 accounts in accordance with BSP Circular 1011.

Results of Operations

2022 vs 2021

For the year ended December 31, 2022, the Group posted a net income of ₱11.6 billion, ₱20.1 billion lower than the ₱31.7 billion net income last year due to one-off gains in 2021 as discussed below. Movements in net income are primarily due to the following:

- Net interest income amounted to ₱37.3 billion, higher by 7.1% or ₱2.5 billion compared to last year. Total gross interest income increased by 6.7% or ₱2.8 billion to ₱45.2 billion for the year ended December 31, 2022, reflective of the rising interest rate environment in 2022. Total gross interest expense slightly increased by ₱0.4 billion to ₱7.9 billion in 2022 from ₱7.5 billion in 2021 primarily due to higher interest cost of deposit liabilities as compared to last year.
- Net service fees and commission income increased by ₱0.3 billion or 5.3% at ₱5.6 billion for the year ended December 31, 2022, mainly due to increases in deposit-related, bancassurance, underwriting, remittance fees and interchange fees, partly offset by decreases in loan and credit card-related and trust fees and increases in banking fees and commission.
- Other operating income increased by ₱5.6 billion in 2022 or 156.7%, mainly coming from the sale of major investment properties as part of the Group's strategy to monetize the value of its low-earning assets. However, this was offset by the trading and investment securities losses of ₱1.3 billion brought about by the continued hike in benchmark interest rates in 2022 affecting both the Bank and its associate.
- In 2021, the Group recognized one-off gains: gain on remeasurement of the retained interest in PNB Holdings of ₱16.5 billion; and gain on loss of control over PNB Holdings as a subsidiary of ₱16.8 billion in accordance with PFRS 10, *Consolidated Financial Statements*.
- Administrative and other operating expenses amounted to ₱28.4 billion for the year ended December 31, 2022, ₱2.2 billion or 8.5% higher compared to last year, mainly due to the increase of ₱1.4 billion in Depreciation and amortization, and ₱1.2 billion in Taxes and licenses, offset by decreases in Compensation and fringe benefits by ₱0.2 billion.
- The Group recorded lower provisions for impairment, credit and other losses at ₱7.2 billion for the year ended December 31, 2022 compared to the ₱12.9 billion provisions recorded last year when the Group was still continuing to build its loan loss reserves in anticipation of the rise in nonperforming COVID-impacted accounts of the Group.

Total comprehensive income for the year ended December 31, 2022 amounted to ₱8.7 billion, registering a decrease of ₱20.9 billion compared to last year mainly due to the lower net income during the year brought about by one-off gains totaling ₱33.3 billion recognized in 2021, and net change in unrealized losses on financial assets at FVOCI, net of tax, and share in changes in net unrealized losses on financial assets at FVOCI of an associate of ₱1.2 billion and ₱0.3 billion, respectively. This is offset by higher accumulated translation adjustment, share in changes in aggregate reserves on life insurance policies, and remeasurement gains (losses) on retirement plan of ₱0.1 billion, ₱0.4 billion, and ₱0.2 billion, respectively.

2021 vs 2020

For the year ended December 31, 2021, the Group recorded net income of ₱31.7 billion, ₱29.1 billion or 12x higher than the ₱2.6 billion net income last year. Movements in net income are primarily due to the following:

- Net interest income amounted to ₱34.8 billion, lower by 2.7% or ₱1.0 billion compared to last year. Total gross interest income decreased by 9.7% or ₱4.5 billion to ₱42.4 billion from ₱46.9 billion last year due to lower yields on loans and receivables, trading and investment securities, deposits with banks and interbank receivables. Total gross interest expense likewise decreased by ₱3.6 billion to ₱7.5 billion from ₱11.1 billion last year primarily due to reduction in levels of high-cost deposits as compared to last year.
- Net service fees and commission income increased by ₱1.6 billion or 42.9% at ₱5.3 billion for the year ended December 31, 2021 from ₱3.7 billion last year due to higher loan-related and deposit-related fees, as well as significant bancassurance and underwriting fees recognized during the year. This was supplemented by upward traction on fees from the increasing use of the Bank's digital platform.
- Other operating income decreased by ₱2.2 billion in 2022 or 38.2%, mainly coming from the decline in Trading and investment securities gains of ₱2.6 billion, partially offset by the ₱0.8 billion increase in net gain on sale or exchange of assets.
- In 2021, the Group recognized one-off gains: gain on remeasurement of the retained interest in PNB Holdings of ₱16.5 billion; and gain on loss of control over PNB Holdings as a subsidiary of ₱16.8 billion in accordance with PFRS 10.
- Administrative and other operating expenses amounted to ₱26.1 billion for the year ended December 31, 2021, ₱1.7 billion or 6.2% lower compared to previous year, mainly due to the decrease of ₱0.6 billion in Taxes and licenses and ₱0.3 billion in Depreciation and amortization.
- The Group recorded lower provisions for impairment, credit and other losses at ₱12.9 billion for the year ended December 31, 2021 compared to the ₱16.9 billion provisions recognized in prior year in anticipation of the impact of the COVID-19 pandemic to the Group's loan portfolio.

For the year ended December 31, 2021, the Group recorded net other comprehensive losses of ₱2.1 billion, ₱0.1 billion or 6.6% lower than the ₱2.2 billion net other comprehensive losses last year. Increases in share in changes in aggregate reserves on life insurance policies, accumulated translation adjustment, remeasurement gains on retirement plan and, net change in unrealized gain (loss) on equity securities at FVOCI of ₱1.5 billion, ₱1.3 billion, ₱1.0 billion, and ₱0.2 billion, respectively, were offset by decreases in net changes in unrealized losses on debt financial assets at FVOCI, including the share of subsidiaries and associates, of ₱3.8 billion.

This resulted in total comprehensive income for the year ended December 31, 2021 amounting to ₱29.6 billion, registering an improvement of ₱29.2 billion compared to last year mainly due to the higher Net income during the year.

2020 vs 2019

For the year ended December 31, 2020, the Group recorded net income of ₱2.6 billion, ₱7.1 billion or 73.1% lower than the ₱9.8 billion net income last year. The Group recognized significant provisions for impairment, credit and other losses of ₱16.9 billion which resulted in lower net income compared to last year. However, the Group's core income comprising primarily of net interest income recorded substantial improvements in 2020. The results for 2020 also included significant increase in net gains from trading and investment securities.

- Net interest income amounted to ₱35.8 billion, higher by 10.7% or ₱3.5 billion compared to last year, mainly driven by lower funding costs due to the reduction in levels of high-cost deposits during the year. Total gross interest income decreased by 7.1% or ₱3.6 billion to ₱47.0 billion from ₱50.5 billion last year due to aggregate decreases in interest income from loans and receivables, trading and investment securities, and interbank receivables of ₱4.2 billion, offset by increase in interest income from deposits with banks of ₱0.7 billion. Total gross interest expense decreased to ₱11.1 billion or by ₱7.0 billion from ₱18.2 billion last year primarily due to decline in interest expense from deposit liabilities, bills payable and other borrowings, partially offset by increase in interest expense from bonds payable of 49.3% or ₱1.0 billion from ₱1.9 billion last year to ₱2.9 billion. Net interest margin is at 3.31% in 2020, higher by 0.01% compared to last year.
- Net service fees and commission income decreased by ₱0.5 billion or 11.5% at ₱3.7 billion for the year ended December 31, 2020 from ₱4.2 billion last year due to lower transactional volumes and waivers of fees on interbank transfers and overseas remittances.
- Other income increased to ₱5.8 billion compared to ₱4.2 billion last year mainly due to improvement in net gains on trading and investment securities by ₱2.3 billion.
- Administrative and other operating expenses amounted to ₱27.9 billion for the year ended December 31, 2020, ₱2.1 billion or 8.3% higher compared to previous year, mainly due to the ₱1.6 billion loss on loan modifications on certain loans of borrowers impacted by the COVID-19 pandemic as well as increases of ₱0.7 billion in Compensation and Fringe Benefits and ₱0.6 billion in Information Technology.
- The Group recorded higher provisions for impairment, credit and other losses at ₱16.9 billion for the year ended December 31, 2020 compared to the ₱2.9 billion provisions recognized in prior year in anticipation of the impact of the COVID-19 pandemic to the Group's loan portfolio.
- Provision for (benefit from) income tax for the year ended December 31, 2020 amounted to ₱1.9 billion net benefit compared to a net provision of ₱2.5 billion last year mainly due to the tax benefit from the recognition of additional deferred tax assets on allowance for credit losses.

Total comprehensive income for the year ended December 31, 2020 amounted to ₱0.4 billion which is ₱14.1 billion or 97.1% lower than last year mainly due to decrease in net unrealized gains on financial assets at FVOCI and lower net income for the year attributable to additional provisions for impairment, credit and other losses in anticipation of the impact of the COVID-19 pandemic to the Group's loan portfolio.

Key Performance Indicators

- Capital Adequacy/Capital Management

The Bank's Capital Management Sub-Committee (CMSC) of the Asset Liability Committee (ALCO) was created to specifically handle policies and procedures pertaining to the capital planning and assessment as well as possible equity investments of the Bank.

The CMSC shall be responsible for the following:

- Determine the appropriate level of capital that will support the attainment of the Bank's strategic objectives, meet the minimum regulatory requirements and cover all material risks that the Bank may encounter in the course of its business
- Periodically monitor and assess the capital ratios of the Bank. Monitoring shall include capital ratios with and without the regulatory stress test prescribed by the regulators, based on both the consolidated and solo financial statements of the Bank
- Report to the ALCO the Bank's capital ratio and position based the consolidated and solo financial statements on a monthly basis and to the Board ICAAP Steering Committee on a quarterly basis
- Inform the ALCO/Board ICAAP Steering Committee on possible breach of ICAAP capital thresholds, particularly during period of stress and activating the Bank's capital contingency plan, if needed.
 - The CMSC will evaluate and endorse to the Board the options to improve the Bank's capital adequacy as provided for in the Capital Contingency Plan
 - In case of capital sourcing, the CMSC shall endorse to the Board ICAAP Steering Committee/Board the manner, the amount and time period for capital raising.
- Ensure that the capital ratios resulting from the three-year strategic business plan under the Bank's ICAAP shall meet the minimum regulatory requirement as well as the Bank's internal thresholds.
 - The CMSC shall determine the Bank's internal thresholds and shall endorse the same to the Board ICAAP Steering Committee/Board.
- Undertake the optimal allocation of the capital to the different business groups in accordance with the portfolio diversification policy and subject to the sustainability of earnings, risk weights of assets, among others.

The Bank and its individual regulatory operations have complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

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

As required under BSP Circular 781, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent bank and subsidiaries

engaged in financial allied undertakings but excluding insurance companies). Other minimum ratios include Common Equity Tier (CET) 1 ratio and Tier 1 capital ratios of 6.0% and 7.5%, respectively. A conservation buffer of 2.5%, comprised of CET 1 capital is likewise imposed.

Banks and their subsidiaries are subject to the following risk-based capital adequacy ratios (CAR):

- a. Common Equity Tier 1 – must be at least 6.0% of risk weighted assets at all time;
- b. Tier 1 capital must be at least 7.5% of risk weighted assets at all times; and
- c. Qualifying capital (Tier 1 Capital plus Tier 2 Capital) must be at least 10.0% of risk weighted assets at all times.

Qualifying capital consists of the sum of the following elements, net of required deductions:

- a. Common equity Tier 1 capital consists of 1) paid up common stock that meet the eligibility criteria, 2) common stock dividends distributable, additional paid in capital resulting from the issuance of common stock included in CET1 capital, 3) deposits for common stock subscription, 4) retained earnings, 5) undivided profits, 6) other comprehensive income (net unrealized gains or losses on available-for-sale securities and cumulative foreign currency translation) and minority interest on subsidiary banks which are less than wholly-owned
- b. Additional Tier 1 (AT1) capital consists of instruments issued by the bank that are not included in CET 1 capital that meet the criteria for inclusion in additional tier 1 capital, meet the required loss absorbency features for instrument classified as liabilities and loss absorbency feature at point of non-viability as defined in the BSP guidelines.
- c. Tier 2 (T2) capital is composed of 1) instruments issued by the Bank (and are not included in AT1 capital) that meet criteria for inclusion in Tier 2 and meet the required loss absorbency feature at point of non-viability as defined in the guidelines, 2) deposits for subscription of T2 capital, 3) appraisal increment reserves on bank premises as authorized by the Monetary Board, 4) general loan loss provision, limited to a maximum of 1.00% of credit risk weighted asset, and minority interest in subsidiaries which are less than wholly owned as defined in the guidelines.

A capital conservation buffer of 2.5% of risk weighted assets, comprised of CET 1 capital, shall be required. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down to absorb losses during period of financial and economic stress.

The Group's consolidated capital adequacy ratio for combined credit, market and operational risks computed based on BSP Circular No. 781 (for 2014) and BSP Circular No. 538 (for 2013 and 2012) were 15.38%, 13.66%, and 15.14% as of December 31, 2022, 2021 and 2020, respectively, above the minimum 10% required by BSP. For the detailed calculation and discussion kindly refer to Item 1, No. 10 – Risk Management.

- Asset Quality

The Group's non-performing loans (NPL), gross of unearned and other deferred income and allowance for credit losses, decreased to ₱44.0 billion as of December 31, 2022 compared to ₱68.2 billion as of December 31, 2021. The NPL ratios of the Group, net of valuation reserves, is at 2.58% as of December 31, 2022, compared to 5.27% at end of 2021. Gross NPL ratio is at 6.34% at end of 2022 compared to 10.07% at end of 2021.

- Profitability

	<u>Years Ended</u>	
	<u>12/31/22</u>	<u>12/31/21</u>
Return on equity (ROE) ^{1/}	7.00%	19.98%
Return on assets (ROA) ^{2/}	0.99%	2.62%
Net interest margin (NIM) ^{3/}	3.61%	3.27%

^{1/}Net income divided by average total equity for the year indicated

^{2/}Net income divided by average total assets for the year indicated

^{3/}Net interest income divided by average interest-earning assets

- Liquidity

The ratio of liquid assets to total liquid liabilities as of December 31, 2022 was 35.63% compared to 38.22% as of December 31, 2021. The ratio of current assets to current liabilities was at 64.68% as of December 31, 2022 compared to 65.09% as of December 31, 2021.

- Cost Efficiency

The ratio of total operating expenses (excluding provision for impairment, credit and other losses) to total operating income resulted to 54.47% for the year ended December 2022 compared to 59.82% last year.

Known Trends, Demands, Commitments, Events, and Uncertainties

The Bank presently has more than adequate liquid assets to meet known funding requirements, and there are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Bank's liquidity.

Events that Will Trigger Direct or Contingent Financial Obligation

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the financial statements, including several suits and claims which remain unsettled. No specific disclosures on such unsettled assets and claims are made because any such disclosures would prejudice the Group's position with the other parties with whom it is in dispute. Such exemption from disclosures is allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The Group and its legal counsel believe that any losses arising from these contingencies which are not specifically provided for will not have a material adverse effect on the financial statements.

Material Off-Balance Sheet Transactions, Arrangement, or Obligation

The summary of material off-balance sheet transactions, arrangement, or obligations (including contingent obligations) is discussed in Note 41 (Report on the Supplementary Information Required Under BSP Circular No. 1074) of the accompanying audited financial statements of the Group as attached under Exhibit I.

Capital Expenditures

In line with the Bank's digital transformation initiatives and enhancing customer banking experience strategy, technology upgrades and branch physical infrastructure will account for the bulk of the Bank's capital expenditures for 2022. Capital expenditures will be funded from the proceeds of the sale of acquired assets and funds generated from the Bank's operations.

Significant Elements of Income or Loss

Significant elements of the Bank's revenues consist mainly of net interest margin, service fees, net trading gains and gains from disposal of reacquired properties while the Bank's expenses consist mainly of staff cost, depreciation and amortization of assets and provisions for probable losses. Please refer to the discussions on the results of operations for further details.

Seasonal Aspects

There was no seasonal aspect that had material effect on the Bank's financial condition or results of operations.

Item 7. Financial Statements

The Audited Financial Statements of the Group, which comprise the Statements of Financial Position as of December 31, 2022 and 2021, and the Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for each of the three (3) years in the period ended December 31, 2022, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies and other explanatory information, Independent Auditor's Report and the Statement of Management's Responsibility are filed as part of this SEC 17-A report for the year ended December 31, 2022 and attached under Exhibit I.

Item 8. Information on Independent Accountant and Changes in/Disagreements with Accountants on Accounting/Financial Disclosure

A. Independent Public Accountants

SyCip Gorres Velayo & Co., CPAs (SGV) is the external auditor of the Bank and its domestic subsidiaries for the calendar year 2022. Representatives of SGV will be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. Ms. Vicky B. Lee-Salas, one of the more experienced audit partners in the banking industry in the Philippines, was the lead audit partner for the year 2022.

The BACC has primary authority to select, evaluate, appoint, dismiss, replace and reappoint the Bank's external auditors, subject to the approval of the BOD and ratification of stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports.

After careful reevaluation, Management has decided to recommend SGV for reappointment as external auditor of the Bank and its domestic subsidiaries for the year 2023. The BACC has thereafter endorsed the reappointment of SGV to the BOD. The reappointment of SGV as

external auditor of the Bank was approved by the BOD on February 24, 2023 and will be presented for ratification of the stockholders at the Bank's Annual Stockholders' Meeting to be held on April 25, 2023.

B. Audit and Other Related Fees

- The following are the engagement fees billed and paid for each of the last two fiscal years for the professional services rendered by the Bank's external auditor, SyCip Gorres Velayo and Co. (inclusive of out-of-pocket expenses and value-added tax):

<u>Nature of Service</u>	<u>Description</u>	<u>Professional fees</u> <u>(in P millions)</u>	
		<u>2022</u>	<u>2021</u>
Audit and Audit-Related Services	Audit of the consolidated and separate financial statements of the Bank; audit of the combined financial statements of the trust and managed funds of the Trust Banking Group; audit of foreign subsidiaries; agreed-upon procedures	29.740	22.383
Tax-Related Services	Business tax advisory services	1.016	—
All Other Services	Accounting advisory, consultancy on sustainable finance framework, training, expected credit loss models validation and other services	4.917	0.562
TOTAL		35.673	22.945

The approval of audit engagement fees is based on the Bank's existing Manual of Signing Authority. All engagements of the external auditor and the corresponding engagement fees are subject to approval by the BOD, as endorsed by the BACC.

C. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the amendments and improvements to Philippine Financial Reporting Standards (PFRS) which are effective beginning on or after January 1, 2022. The changes in the accounting policies that have or did not have any significant impact on the financial position or performance of the Group are discussed under Note 2 (Summary of Significant Accounting Principles) of the audited financial statements of the Group.

D. Disagreements with Accountants

The Bank and its subsidiaries had no disagreement with its auditors on any matter of accounting principles or practices, financial statements disclosure, or auditing scope procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

A. Board of Directors and Executive Officers as of December 31, 2022.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Date last Elected</u>	<u>Date first Elected</u>	<u>Citizenship</u>
Federico C. Pascual	Chairman/Independent Director Chairman of the Corporate Governance and Sustainability Committee Vice Chairman of the Board Strategy and Policy Committee Member of the Board Oversight RPT Committee Non-Voting Member of the Executive Committee and Trust Committee	80	04/26/2022	05/27/2014	Filipino
Leonilo G. Coronel	Vice Chairman/Director Chairman of the Executive Committee Member of the Board Strategy and Policy Committee, Risk Oversight Committee and Trust Committee	76	04/26/2022	05/28/2013	Filipino
Felix Enrico R. Alfiler	Director Chairman of the Board Strategy and Policy Committee Member of Executive Committee, Board IT Governance Committee and Trust Committee	73	12/29/2022	12/29/2022	Filipino
Florido P. Casuela	Director/Acting President Vice Chairman of the Executive Committee Member of the Board Strategy and Policy Committee, Board IT Governance Committee and Risk Oversight Committee Member (Ex-Officio) of the Trust Committee	81	04/26/2022	05/30/2006	Filipino
Edgar A. Cua	Independent Director Chairman of the Risk Oversight Committee Vice Chairman of the Board Audit and Compliance Committee Member of the Corporate Governance and Sustainability Committee, Board Strategy and Policy Committee, Board IT Governance Committee and Board Oversight RPT Committee	67	04/26/2022	05/31/2016	Filipino

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Date last Elected</u>	<u>Date first Elected</u>	<u>Citizenship</u>
Estelito P. Mendoza	Director	92	04/26/2022	01/01/2009	Filipino
Isabelita M. Papa	Independent Director Chairman of the Board Audit and Compliance Committee Vice Chairman of the Risk Oversight Committee Member of the Corporate Governance and Sustainability Committee, Board Strategy and Policy Committee and Board IT Governance Committee	74	04/26/2022	08/05/2021	Filipino
Sheila T. Pascual	Director Chairman of the Trust Committee Member of the Executive Committee and Board Strategy and Policy Committee	60	04/26/2022	11/22/2019	Filipino
Wilfrido E. Sanchez	Independent Director Vice Chairman of the Corporate Governance and Sustainability Committee and Board Oversight RPT Committee Member of the Board Strategy and Policy Committee and Risk Oversight Committee Non-Voting Member of the Executive Committee and Trust Committee	85	04/26/2022	04/27/2021	Filipino
Carmen K. Tan	Director	81	04/26/2022	05/31/2016	Filipino
Lucio C. Tan	Director	88	04/26/2022	12/08/1999	Filipino
Lucio C. Tan III	Director Vice Chairman of the Board IT and Governance Committee Member of the Executive Committee and Board Strategy and Policy Committee	30	04/26/2022	04/27/2021	Filipino
Michael G. Tan	Director Member of the Executive Committee, Board Strategy and Policy Committee and Board Audit and Compliance Committee	56	04/26/2022	02/09/2013	Filipino
Vivienne K. Tan	Director Chairman of the Board IT Governance Committee Member of the Executive Committee, Board Strategy and Policy	54	04/26/2022	12/15/2017	Filipino

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Date last Elected</u>	<u>Date first Elected</u>	<u>Citizenship</u>
	Committee, Risk Oversight Committee and Trust Committee				
Domingo H. Yap	Independent Director Chairman of the Board Oversight RPT Committee Member of the Corporate Governance and Sustainability Committee, Board Strategy and Policy Committee and Risk Oversight Committee	88	04/26/2022	08/23/2019	Filipino

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Date Appointed</u>	<u>Citizenship</u>
Ruth Pamela E. Tanghal	Corporate Secretary	54	09/25/2020	Filipino
Michelle A. Pahati-Manuel	Assistant Corporate Secretary	50	09/25/2020	Filipino
William T. Lim	Board Advisor	82	01/25/2013	Filipino
Chester Y. Luy	Board Advisor	54	05/11/2020	Filipino
Christopher J. Nelson	Board Advisor	63	04/27/2021	British
Florencia G. Tarriela	Board Advisor	75	04/27/2021	Filipino

2. Executive Officers:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Date of Assumption</u>	<u>Citizenship</u>
Florido P. Casuela	Acting President	81	07/05/2022	Filipino
Cenon C. Audencial, Jr.	Executive Vice President Head of the Institutional Banking Sector	64	08/05/2013	Filipino
Roberto D. Baltazar	Executive Vice President Head of Global Banking and Markets Sector	59	08/01/2019	Filipino
Isagani A. Cortes	Executive Vice President Chief Compliance Officer and Head of Global Compliance Group	55	06/24/2019	Filipino
Aida M. Padilla	Executive Vice President Head of the Enterprise Services Sector	73	12/15/2017	Filipino

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Date of Assumption</u>	<u>Citizenship</u>
Manuel C. Bahena, Jr.	First Senior Vice President Chief Legal Counsel and Head of the Legal Group	61	02/11/2013	Filipino
Maria Adelia A. Joson	First Senior Vice President Head of the Retail Banking Sector	68	11/27/2020	Filipino
Maria Paz D. Lim	First Senior Vice President Corporate Treasurer	61	06/23/2006	Filipino
Roland V. Oscuro	First Senior Vice President Chief Information Security Officer and Head of Enterprise Information Cyber Security Group in concurrent capacity as Data Protection Officer	59	12/15/2017	Filipino
Nanette O. Vergara	First Senior Vice President Chief Credit Officer and Head of the Credit Management Group	62	05/11/2017	Filipino
Reynaldo C. Burgos	Senior Vice President Head of Operations Group	54	06/02/2022	Filipino
Emeline C. Centeno	Senior Vice President Investor Relations Officer and Head of the Corporate Planning and Analysis Division	64	06/01/2003	Filipino
Aidell Amor R. Gregorio	Senior Vice President Acting Chief Financial Officer, Officer-in-Charge of Financial Management Sector in concurrent capacity as Head of Accounting and Controllershship Group	40	05/27/2021	Filipino
Michael M. Morillos	Senior Vice President Head of Information Technology Group	54	05/01/2019	Filipino
Joy Jasmin R. Santos	Senior Vice President Chief Trust Officer and Head of Trust Banking Group	49	11/02/2018	Filipino
Socorro D. Corpus	Officer-in-Charge of Human Resource Group	71	02/01/2020	Filipino
Juliet S. Dytoc	Vice President Chief Risk Officer and Head of Risk Management Group	52	02/01/2022	Filipino
Analisa I. San Pedro	Vice President Chief Audit Executive and Head of Internal Audit Group	45	08/01/2022	Filipino

B. Profile of Directors and Executive Officers as of December 31, 2022 together with their business experience covering at least the past five (5) years

Directors:

Name	FEDERICO C. PASCUAL
Age	80
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts, Ateneo de Manila University * Bachelor of Laws (Member, Law Honors Society), University of the Philippines * Master of Laws, Columbia University
Current Position in the Bank	* Chairman/Independent Director
Date of First Appointment	<ul style="list-style-type: none"> * May 27, 2014 (as Independent Director) * April 27, 2021 (as Chairman of the Board)
Directorship in Other Listed Companies	* None
Other Current Positions	<ul style="list-style-type: none"> * Chairman of PNB-Mizuho Leasing and Finance Corporation, PNB-Mizuho Equipment Rentals Corporation, and PNB Capital and Investment Corporation * Independent Director of Allianz PNB Life Insurance, Inc. and PNB International Investments Corporation * President/Director of Tala Properties, Inc. and Woldingham Realty, Inc. * Director of Apo Reef World Resort, Sarco Land Resources Ventures Corporation, SCTEX Development and Franchisers Corporation, and Hermosa Golden Rainbow Corporation * Partner of the University of Nueva Caceres Bataan Branch * Member, Multi Sectoral Governing Council of Bureau of Customs
Other Previous Positions	<ul style="list-style-type: none"> * Chairman/Independent Director of PNB General Insurers Co., Inc. * Independent Director of PNB Holdings Corporation and PNB Savings Bank * President and General Manager of Government Service Insurance System * President and CEO of Allied Banking Corporation and PNOC Alternative Fuels Corporation * Director of Global Energy Growth System * Various positions with PNB for twenty (20) years, including Acting President, CEO and Vice Chairman * President and Director of Philippine Chamber of Commerce and Industry * Chairman of National Reinsurance Corporation * Co-Chairman of the Industry Development Council of the Department of Trade and Industry * Treasurer of BAP-Credit Guarantee

- * Director of San Miguel Corporation, Philippine Stock Exchange, Manila Hotel Corporation, Cultural Center of the Philippines, CITEM, Bankers Association of the Philippines, Philippine National Construction Corporation, Allied Cap Resources HK, Oceanic Bank SF, USA, AIDSISA Sugar Mill, PDCP Bank, Equitable PCIB, Bankard, Philippine International Trading Corporation, and Philippine National Oil Corporation
- * Chairman and President of Alabang Country Club

Name	LEONILO G. CORONEL
Age	76
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts degree, Major in Economics from the Ateneo de Manila University * Advance Management Program of the University of Hawaii
Current Position in the Bank	<ul style="list-style-type: none"> * Vice Chairman/Director
Date of First Appointment	<ul style="list-style-type: none"> * May 28, 2013 (as Director) * April 27, 2021 (as Vice Chairman)
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * None
Other Current Positions	<ul style="list-style-type: none"> * Independent Director of Citicore Real Estate Investment Trust * Director of Software Ventures International * Director of Toyota Pasong Tamo/Toyota Global City/Toyota Angeles City/M2 Car Accessories
Other Previous Positions	<ul style="list-style-type: none"> * Chairman of PNB-IBJL Leasing and Finance Corporation and PNB-IBJL Equipment Rentals Corporation * Independent Director of Megawide Construction Corporation and DBP-Daiwa Capital Market Philippines * Executive Director of the Bankers Association of the Philippines and RBB Micro Finance Foundation * Director/Treasurer of Philippine Depository and Trust Corporation * Director of the Philippine Clearing House Corporation, the Philippine Dealing System and the Capital Markets Development Council * Managing Director of BAP-Credit Bureau * President of Cebu Bankers Association * Consultant of Land Bank of the Philippines, Arthur Young, U.S. Aid, Bankers Association of the Philippines and Economic Development Corporation * Country Corporate Officer of Citibank Sri Lanka * Worked with Citibank, Manila for twenty (20) years, occupying various positions.
Awards/Citations	<ul style="list-style-type: none"> * Fellow of the Australian Institute of Company Directors in 2002; Fellow of Institute of Corporate Directors

Name	FELIX ENRICO R. ALFILER
Age	73
Nationality	Filipino
Education	* Bachelor of Science and Masters in Statistics from the University of the Philippines
Current Position in the Bank	* Director
Date of First Appointment	* January 1, 2012 (as Independent Director) * April 27, 2021 (as Board Advisor) * December 29, 2022 (as Director)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman/Independent Director of PNBRCI Holding Co., Ltd. and PNB International Investments Corp. * Chairman/Independent Director of Summit General Insurance Corporation
Other Previous Positions	* Chairman/Independent Director of PNB General Insurers Co., Inc. * Independent Director of Philippine National Bank, PNB-IBJL Leasing and Finance Corporation and PNB Savings Bank * Senior Advisor to the World Bank Group Executive Board in Washington, D.C. * Special Assistant to the Philippine Secretary of Finance for International Operations and Privatization * Director of the BSP * Assistant to the Governor of the Central Bank of the Philippines * Senior Advisor to the Executive Director at the International Monetary Fund * Associate Director at the Central Bank * Head of the Technical Group of the CB Open Market Committee * Monetary Policy Expert in the Economics Sub-Committee of the 1985-1986 Philippine Debt Negotiating Team which negotiated with over 400 private international creditors for the rescheduling of the Philippines' medium- and long-term foreign debts * Advisor at Lazaro Bernardo Tiu and Associates, Inc. * President of Pilgrims (Asia Pacific) Advisors, Ltd. * President of the Cement Manufacturers Association of the Philippines (CeMAP) * Board Member of the Federation of Philippine Industries (FPI) * Vice President of the Philippine Product Safety and Quality Foundation, Inc. * Convenor for Fair Trade Alliance.

Name	FLORIDO P. CASUELA
Age	81
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science in Business Administration, Major in Accounting from the University of the Philippines * Masters in Business Administration from the University of the Philippines * Advanced Management Program for Overseas Bankers from the Philadelphia National Bank in conjunction with Wharton School of the University of Pennsylvania * Study Tour (Micro Finance Program and Cooperatives), under the Auspices of the United States Agency for International Development
Government Civil Service Eligibilities	* Certified Public Accountant, Economist, Commercial Attaché
Current Position in the Bank	* Director/Acting President
Date of First Appointment	<ul style="list-style-type: none"> * May 30, 2006 (as Director) * July 5, 2022 (as Acting President)
Directorship in Other Listed Companies	* None
Other Current Positions	<ul style="list-style-type: none"> * Chairman of PNB Securities, Inc. * Chairman of Casuela Equity Ventures, Inc. * Director of PNB International Investments Corporation, PNBRCI Holding Co., Ltd., Allianz PNB Life Insurance, Inc., Surigao Micro Credit Corporation, and Bancnet, Inc. * Senior Consultant of the Bank of Makati (a Savings Bank), Inc.
Other Previous Positions	<ul style="list-style-type: none"> * Vice Chairman of Allied Integrated Holdings, Inc. (<i>formerly PNB Savings Bank</i>) * President of Land Bank of the Philippines, Maybank Philippines, Inc., and Surigao Micro Credit Corporation * Vice-Chairman of Land Bank of the Philippines and Maybank Philippines, Inc. * Director of PNB Life Insurance, Inc. * Director, Meralco * Trustee of Land Bank of the Philippines Countryside Development Foundation, Inc. * Director of Sagittarius Mines, Inc. * Senior Adviser in the Bangko Sentral ng Pilipinas * Senior Executive Vice President of United Overseas Bank (Westmont Bank) * Executive Vice President of PDCP (Producers Bank) * Senior Vice President of Philippine National Bank * Special Assistant to the Chairman of the National Power Corporation * First Vice President of Bank of Commerce

Awards/Citations	<ul style="list-style-type: none"> * Vice President of Metropolitan Bank & Trust Co. * Staff Officer, BSP * Audit Staff of Joaquin Cunanan, CPAs (Isla Lipana & Co.) * One of the ten (10) awardees of the 2001 Distinguished Alumni Award of the UP College of Business Administration * Most Outstanding Surigaonon in the field of Banking and Finance, awarded by the Rotary Club – Surigao Chapter
Name	EDGAR A. CUA
Age	67
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University * Master of Arts in Economics degree from the University of Southern California * Master of Planning Urban and Regional Environment degree from the University of Southern California * Advanced Chinese from the Beijing Language and Culture University * Sustainable Development Training Program, Cambridge University
Current Position in the Bank	* Independent Director
Date of First Appointment	* May 31, 2016
Directorship in Other Listed Companies	* None
Other Current Positions	<ul style="list-style-type: none"> * Chairman/Independent Director of Allied Integrated Holdings, Inc. (<i>formerly PNB Savings Bank</i>) * Vice Chairman/Independent Director of PNB Capital and Investment Corporation * Independent Director of Allied Commercial Bank, Xiamen, PNB-Mizuho Leasing and Finance Corp. and PNB-Mizuho Equipment Rentals Corporation * Director of Davao Unicar Corporation
Previous Positions	<ul style="list-style-type: none"> * Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career. * Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC. * Staff Consultant, SGV & Co.

Name	ESTELITO P. MENDOZA
Age	92
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Laws (cum laude) from the University of the Philippines * Master of Laws from Harvard University
Current Position in the Bank	* Director
Date of First Appointment	* January 1, 2009
Directorship in Other Listed Companies	* Director of San Miguel Corporation and Petron Corporation
Other Current Positions	* Practicing lawyer for more than sixty (60) years
Other Previous Positions	<ul style="list-style-type: none"> * Chairman of Prestige Travel, Inc. * Professorial Lecturer of law at the University of the Philippines * Undersecretary of Justice, Solicitor General and Minister of Justice * Member of the Batasang Pambansa and Provincial Governor of Pampanga * Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization.
Awards/Citations	<ul style="list-style-type: none"> * Doctor of Laws degree (honoris causa) by Central Colleges of the Philippines, Hanyang University (Seoul, Korea), University of Manila, Angeles University Foundation and the University of the East * Doctor of Humane Letters degree by the Misamis University * Recipient of a Presidential Medal of Merit as Special Counsel on Marine and Ocean Concerns * University of the Philippines Alumni Association's 1975 "Professional Award in Law" and 2013 "Lifetime Distinguished Achievement Award"

Name	ISABELITA M. PAPA
Age	74
Nationality	Filipino
Education	* Bachelor of Science in Commerce – Banking & Finance from the University of Sto. Tomas
Current Position in the Bank	* Independent Director
Date of First Appointment	* August 5, 2021
Directorship in Other Listed Companies	* None
Other Current Positions	<ul style="list-style-type: none"> * Independent Director of PNB-Mizuho Leasing and Finance Corporation and PNB-Mizuho Equipment Rentals Corporation * Consultant of Bankers Association of the Philippines

Previous Positions	<ul style="list-style-type: none"> * Co-Chairperson for the Task Force of the ISO 20022 Migration Project * Resource Person for Corporate Governance of the Bankers Institute of the Philippines * Executive Vice President for Operations and Information Technology – Asia United Bank * Director: Rural Bank of Angeles and Cavite United Rural Bank * Senior Vice President/Country Manager – Bank of America N.A. * Executive Vice President for Operations – United Overseas Bank Phils. * Senior Vice President for Operations: Solidbank Corporation and The International Corporate Bank * Assistant Vice President for International Division – Family Bank & Trust Co. * Unit Head/Account Officer – Citibank N.A. * Chairperson – SWIFT Users Group, Philippines * Chairperson, Subcommittee on Payments and Funds Transfer – Bankers Association of the Philippines * President / Resource Person for Corporate Governance – Bankers Institute of the Philippines * Member – Catholic Mass Media Awards Committee
Name	SHEILA T. PASCUAL
Age	60
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science in Business Management from the Ateneo de Manila University
Current Position in the Bank	<ul style="list-style-type: none"> * Director
Date of First Appointment	<ul style="list-style-type: none"> * November 22, 2019
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * Director of PAL Holdings, Inc.
Other Current Positions	<ul style="list-style-type: none"> * Director of Allied Commercial Bank, Buona Sorte Holdings Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation, Philippine Airlines, Inc. and Zuma Holdings and Management Corporation * Business Development Manager of Allied Banking Corporation (Hong Kong) Limited
Other Previous Position/s	<ul style="list-style-type: none"> * Marketing Development Officer of Asia Brewery Incorporated

Name	WILFRIDO E. SANCHEZ
Age	85
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts degree from the Ateneo de Manila University * Bachelor of Laws from the Ateneo De Manila University * Masters of Law from Yale Law School
Current Position in the Bank	* Independent Director
Date of First Appointment	* April 27, 2021
Directorship in Other Listed Companies	* Independent Director of LT Group, Inc.
Other Current Positions	<ul style="list-style-type: none"> * Tax Counsel of Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Offices * Independent Director of Eton Properties Philippines, Inc., Asia Brewery, Inc., and Tanduay Distillers, Inc. * Director of EEI Corporation, House of Investments, Inc., Kawasaki Motor Corporation, EMCOR, Inc., K-Servico, Inc., J-DEL Investments and Management Corp., WODEL, Inc., KS Prime Financial Corp., and Trimotors Technology Corp. * Trustee of JVR Foundation, Inc., and Gokongwei Brothers Foundation
Other Previous Position/s	<ul style="list-style-type: none"> * Vice Chairman/Director of Antonelli Realty Holdings, Inc. * Trustee of NYK-TDG Friendship Foundation, Inc. and Asian Institute of Management * Independent Director of Transnational Diversified Corp. * Director of Universal Robina Corp., Transnational Plans, Inc., Center for Leadership & Change, Inc., Adventure International Tours, Inc., Transnational Financial Services, Inc., Amon Trading Corp., Rizal Commercial Banking Corporation, Asiabest Group International Inc., Magellan Capital Holdings Corporation, and Joint Research and Development Corporation,

Name	CARMEN K. TAN
Age	81
Nationality	Filipino
Current Position in the Bank	* Director
Date of First Appointment	* May 31, 2016
Directorship in Other Listed Companies	* Director of LT Group, Inc. MacroAsia Corporation and PAL Holdings, Inc.
Other Current Positions	* Director: Philippine Airlines, Inc., Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Cosmic Holdings Corporation, The Charter House, Inc., Dominion Realty and Construction Corporation, Eton City, Inc., Foremost Farms, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., Manufacturing Services & Trade

Corp., Progressive Farms, Inc., PMFTC, Inc., Shareholdings Inc., Sipalay Trading Corp., Tanduay Distillers, Inc., Tangent Holdings Corporation, Trustmark Holdings Corp., Alliedbankers Insurance Corporation, Zuma Holdings and Management Corp., Grandspan Development Corp., Basic Holdings Corp., Saturn Holdings, Inc., Paramount Land Equities, Inc., Interbev Philippines, Inc., Waterich Resources Corp., and REM Development Corp.

Major Affiliations

- * Trustee of Tan Yan Kee Foundation
- * Member of Tzu Chi Foundation

Name

LUCIO C. TAN

Age

88

Nationality

Filipino

Education

- * Bachelor of Science in Chemical Engineering degree from Far Eastern University
- * Doctor of Philosophy, Major in Commerce, from University of Sto. Tomas

Current Position in the Bank

- * Director

Date of First Appointment

- * December 8, 1999

Directorship in Other Listed Companies

- * Chairman and CEO of LT Group, Inc., PAL Holdings, Inc. and MacroAsia Corporation

Other Current Positions

- * Chairman and CEO of Philippine Airlines, Inc. Asia Brewery, Inc., and Basic Holdings Corporation
- * Chairman and President of Tangent Holdings Corporation, Trustmark Holdings Corporation, Buona Sorte Holdings, Inc., Asian Alcohol Corporation, Himmel Industries, Inc., Charter House, Incorporated, Foremost Farms, Inc., Progressive Farms, Inc., and Zuma Holdings and Management Corporation
- * Chairman: Allied Commercial Bank Xiamen, Allied Banking Corporation (Hong Kong) Limited, Allianz PNB Life Insurance, Inc., Eton Properties Philippines, Inc., Fortune Tobacco Corporation, PNB Holdings Corporation, Tanduay Distillers, Inc., Alliedbankers Insurance Corporation, Air Philippines Corporation, PMFTC, Inc., Grandspan Development Corporation, and University of the East
- * Chairman Emeritus of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.
- * Founder and Vice Chairman of the Foundation for Upgrading the Standard of Education, Inc.
- * Founded the Tan Yan Kee Foundation, Inc., of which he is the Chairman and President

Other Previous Positions

- * Chairman of Allied Banking Corporation, PNB Life Insurance, Inc., PNB Savings Bank, and Allied Leasing and Finance Corporation

Awards/Citations

- * Honorary degrees from various universities

- * Lifetime Achievement Awardee by the Dr. Jose P. Rizal Awards for Excellence
- * Adopted to the Ancient Order of the Chamorri and designated Ambassador-at-Large of the U.S. Island-territory of Guam
- * Diploma of Merit by the Socialist Republic of Vietnam
- * Outstanding Manilan for the year 2000
- * UST Medal of Excellence in 1999
- * Most Distinguished Bicolano Business Icon in 2005
- * 2003 Most Outstanding Member Award by the Philippine Chamber of Commerce and Industry (PCCI)
- * Award of Distinction by the Cebu Chamber of Commerce and Industry
- * Award for Exemplary Civilian Service of the Philippine Medical Association
- * Honorary Mayor and Adopted Son of Bacolod City; Adopted Son of Cauayan City, Isabela and Entrepreneurial Son of Zamboanga
- * Distinguished Fellow during the 25th Conference of the ASEAN Federation of Engineering Association
- * 2008 Achievement Award for service to the chemistry profession during the 10th Eurasia Conference on Chemical Sciences

Name	LUCIO C. TAN III
Age	30
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science in Electrical Engineering, Stanford University * Master of Science, Major in Computer Science, Stanford University
Current Position in the Bank	<ul style="list-style-type: none"> * Director
Date of First Appointment	<ul style="list-style-type: none"> * April 27, 2021
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * Vice Chairman and Chief Operating Officer of LT Group, Inc. * Director and Vice President of PAL Holdings, Inc. * Director of MacroAsia Corporation
Other Current Positions	<ul style="list-style-type: none"> * Director of PNB Holdings Corporation, Philippine Airlines, Inc., Air Philippines Corporation, Lufthansa Technik Philippines, MacroAsia Airport Services Corporation, MacroAsia Catering Services Inc., MacroAsia SATS Food Industries, MacroAsia SATS Inflight Services Corporation, Prior Holdings Corporation, Belton Communities, Inc., Eton City, Inc., First Homes, Inc., ALI Eton Property Development Corporation, Allied Club, Inc., PMFTC, Inc., and Fortune Landequities and Resources, Inc. * Vice Chairman and President of Sabre Travel Network (Philippines) Inc.

Other Previous Position/s	<ul style="list-style-type: none"> * President and Chief Operating Officer of Tanduay Distillers, Inc. * Vice President of Dunmore Development Corporation * Member of Stanford Tau Beta Pi Engineering Honor Society * Director of Victorias Milling Company, Inc.
Awards/Citations	<ul style="list-style-type: none"> * Stanford University Frederick E. Terman Award (2015), award given to engineering seniors who are at the top 5% of their class * Stanford University Tau Beta Pi Engineering Honor Society (2013), honor given to engineering juniors/seniors who are at the top 1/8 of their class * Stanford University President's Award for Academic Excellence Freshmen Year (2012), award given to freshmen who are at the top 3% of their class * Young Presidents' Organization (Local and International Chapters)

Name	MICHAEL G. TAN
Age	56
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Applied Science in Civil Engineering, Major in Structural Engineering, from the University of British Columbia, Canada
Current Position in the Bank	<ul style="list-style-type: none"> * Director
Date of First Appointment	<ul style="list-style-type: none"> * February 9, 2013
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * Director and President of LT Group, Inc. * Director of Victorias Milling Company, Inc. and MacroAsia Corporation
Other Current Positions	<ul style="list-style-type: none"> * Director, President and Chief Operating Officer of Asia Brewery, Inc. * Director of the following companies: Absolut Distillers, Inc., Tanduay Distillers, Inc., Tanduay Brands International, Inc., Shareholdings, Inc., PMFTC Inc., Maranaw Hotel (Century Park Hotel), Pan Asia Securities, Inc., Asia's Emerging Dragon Corporation, Paramount Land Equities, Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, PNB Global Remittance and Financial Company (HK) Limited, Allied Commercial Bank, Allied Banking Corp. (Hong Kong) Limited, and Trustmark Holdings Corporation * Director and Treasurer of Zuma Holdings and Management Corporation * Member of ASEAN Business Advisory Council (ASEAN BAC) * Vice President of Federation of Filipino Chinese Chambers of Commerce and Industry, Inc. (FFCCCII) * Director of Philippine Chamber of Commerce and Industry * Member of the Private Sector Advisory Council

Other Previous Positions	<ul style="list-style-type: none"> * Trustee of Help Educate and Rear Orphans (HERO) Foundation, Inc. * Chairman of PNB Holdings Corporation * Chief Operating Officer of LT Group, Inc. * Director of Philippine Airlines Inc. Bulawan Mining Corporation, PNB Management and Development Corporation, Alliedbankers Insurance Corporation PNB Forex, Inc., PNB Savings Bank, Air Philippines Corp., and Sabre Travel Network (Philippines), Inc., * Director and Treasurer of PAL Holdings, Inc. * Director of Allied Banking Corporation (ABC) from January 30, 2008 until the ABC's merger with PNB on February 9, 2013 * Honorary Advisor of the sixth edition of the Belt and Road Summit held on September 2021 in Hong Kong
Awards/Citations	<ul style="list-style-type: none"> * 2021 Stargate People Asia "People of the Year" * 2021 4th Mansmith Masters Awards
Name	VIVIENNE K. TAN
Age	54
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science - Double Degree in Mathematics and Computer Science from the University of San Francisco, U.S.A * Diploma in Fashion Design and Manufacturing Management from the Fashion Institute of Design and Merchandising, Los Angeles, U.S.A.
Current Position in the Bank	<ul style="list-style-type: none"> * Director
Date of First Appointment	<ul style="list-style-type: none"> * December 15, 2017
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * Director of LT Group, Inc. and MacroAsia Corporation
Other Current Positions	<ul style="list-style-type: none"> * Director of Eton Properties Philippines, Inc., and Philippine Airlines, Inc. * Executive Director of Dynamic Holdings Limited * Trustee of University of the East, University of the East Ramon Magsaysay Memorial Medical Center and College of Saint Benilde * Founding Chairperson of the Entrepreneurs School of Asia (ESA) * Founding Trustee of the Philippine Center for Entrepreneurship (Go Negosyo)
Other Previous Positions	<ul style="list-style-type: none"> * Board Advisor of LT Group, Inc. * Director of PAL Holdings * Director/Executive Vice President/Treasurer/Chief Administrative Officer of Philippine Airlines, Inc.

	<ul style="list-style-type: none"> * Executive Vice President, Commercial Group and Manager, Corporate Development, of Philippine Airlines, Inc. * Director of Bulawan Mining Corporation and PNB Management and Development Corporation * Founder and President of Thames International Business School * Owner of Vaju, Inc. (Los Angeles, U.S.A.) * Systems Analyst/Programmer of Fallon Bixby & Cheng Law Office (San Francisco, U.S.A.) * Proponent/Partner of various NGO/social work projects like Gawad Kalinga's GK-Batya sa Bagong Simula, livelihood programs thru Teenpreneur Challenge spearheaded by ESA, Conserve and Protect Foundation's artificial reef project in Calatagan, Batangas, Quezon City, Sikap-Buhay Project's training and mentorship program for micro-entrepreneurs, and as Chairman of Ten Inspirational Entrepreneur Students Award
Awards/Citations	<ul style="list-style-type: none"> * Recipient of the Ten Outstanding Young Men (TOYM) Award for Business Education and Entrepreneurship (2006), UNESCO Excellence in Education and Social Entrepreneurship Award (2007), Leading Women of the World Award (2007), and "People of the Year", People Asia Award (2008)

Name	DOMINGO H. YAP
Age	88
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science in Business Administration major in Business Management from San Sebastian College Recoletos
Current Position in the Bank	<ul style="list-style-type: none"> * Independent Director
Date of First Appointment	<ul style="list-style-type: none"> * August 23, 2019
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * None
Other Current Positions	<ul style="list-style-type: none"> * President of H-Chem Industries, Inc., DHY Realty and Development Inc., Colorado Chemical Sales Corporation, Universal Paint & Coating Philippines, Inc., AllianceLand Development Corporation, and Kang Ha Association
Other Previous Positions	<ul style="list-style-type: none"> * President of the Federation of Filipino-Chinese Chamber of Commerce and Industries, Inc. * Governor of Y's Men Club Philippines * President of Y's Men Club Downtown of Manila * President of Rotary Club of Pasay City

Board Advisors:

Name	WILLIAM T. LIM
Age	82
Nationality	Filipino
Education	* Bachelor of Science in Chemistry from Adamson University
Current Position in the Bank	* Board Advisor
Date of First Appointment	* January 25, 2013
Directorship in Other Listed Companies	* None
Other Current Positions	* President of Jas Lordan, Inc. * Director of PNB Securities, Inc., PNB Holdings Corporation, Allied Integrated Holdings, Inc. (formerly PNB Savings Bank), Allied Commercial Bank - Xiamen, BH Fashion Retailers, Inc., Concept Clothing, Co., Inc., and Genbancor Condominium Corporation * Advisor to the Chairman of the Board of Directors of Allianz PNB Life Insurance, Inc.
Other Previous Positions	* Board Advisor of PNB Savings Bank * Director of PNB Life Insurance, Inc. * Consultant of Allied Banking Corporation * Director of Corporate Apparel, Inc. * Director of Concept Clothing * Director of Freeman Management and Development Corporation * Worked with Equitable Banking Corporation for 30 years, occupying various positions, including as VP & Head of the Foreign Department

Name	CHESTER Y. LUY
Age	54
Nationality	Filipino
Education	* Bachelor of Science in Business Administration (Magna Cum Laude and graduated at the Top of B.S. Business Administration Class of 1990), University of the Philippines * Masters in Management degree from the J.L. Kellogg Graduate School of Management at Northwestern University * Chartered Financial Analyst (CFA)
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 11, 2020

Other Current Positions	<ul style="list-style-type: none"> * Board Advisor, LT Group Inc. * Director of Tanduay Distillers, Inc. * Director of Philippine National Bank (Europe) PLC. * Director of PNB Global Remittance and Financial Company (HK) Limited.
Other Previous Positions	<ul style="list-style-type: none"> * Director of PNB-Mizuho Leasing and Finance Corporation * EVP and Head of Strategy Sector and Wealth Management Group * Senior Executive Vice President, Treasurer and Head for the Financial Advisory and Markets Group (comprised of the Treasury and the Wealth Management Group) of Rizal Commercial Banking Corporation * He served in leadership roles as Managing Director across a variety of businesses including Investment Banking, Corporate Finance, Credit Risk Analysis, Investment Management, and Wealth Management with several international banks and was based in New York, Singapore and Manila. He held leadership roles at JPMorgan, Bank of America Merrill Lynch, Barclays Capital, HSBC, Julius Baer, Bank of Singapore and RCBC * Member of the Singapore Institute of Directors * Served on the Board of a Singapore-based Real Estate and Hospitality Entity
Awards/Citations	<ul style="list-style-type: none"> * Men Who Matter Award (2017) by People Asia Magazine Survey * Top Senior Analyst in the U.S by Institutional Investor Magazine Polls for several years * Awarded as the Most Outstanding Business Administration Student for the Class of 1990 of University of the Philippines * Graduated at the Top of his Class, garnering the highest GPA for the graduating University of the Philippines' B.S. Business Administration Class of 1990.

Name	CHRISTOPHER J. NELSON
Age	63
Nationality	British
Education	<ul style="list-style-type: none"> * Bachelor of Arts and Master of Arts in History from Emmanuel College, Cambridge University, U.K. * Diploma in Marketing from the Institute of Marketing, Cranfield, U.K.
Current Position in the Bank	* Board Advisor
Date of First Appointment	<ul style="list-style-type: none"> * March 21, 2013 (Director) * May 27, 2014 (Board Advisor) * May 26, 2015 (Director)

Directorship in Other Listed Companies	<ul style="list-style-type: none"> * April 27, 2021 (Board Advisor) * None
Other Current Positions	<ul style="list-style-type: none"> * Director of PNB Europe Plc * Director of the Federation of Philippine Industries, and CyberQ Group, Inc. * Executive Director of the British Chamber of Commerce in the Philippines * Trustee of the American Chamber Foundation Philippines, Inc., Philippine Band of Mercy and Dualtech Training Center * Member of the Society of Fellows of the Institute of Corporate Directors
Other Previous Positions	<ul style="list-style-type: none"> * Director of Philippine National Bank * Director of PNB Holdings Corporation * Trustee of Tan Yan Kee Foundation * Director of the American Chamber of Commerce of the Philippines, Inc. * President of Philip Morris Philippines Manufacturing, Inc., a position he held for 10 years * Various management positions with Philip Morris International for 25 years including Area Director for Saudi Arabia, Kuwait, Gulf Cooperation Council, Yemen, and Horn of Africa
Name	FLORENCIA G. TARRIELA
Age	75
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science in Business Administration degree, Major in Economics, University of the Philippines * Master in Economics degree from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination
Current Position in the Bank	* Board Advisor
Date of First Appointment	<ul style="list-style-type: none"> * May 29, 2001 (as Director) * May 24, 2005 (as Chairman of the Board) * May 30, 2006 (as Independent Director) * April 27, 2021 (as Board Advisor)
Directorship in Other Listed Companies	<ul style="list-style-type: none"> * Independent Director of LT Group, Inc. * Independent Director of Nickel Asia Corporation
Other Current Positions	<ul style="list-style-type: none"> * Director of PNB Capital and Investment Corporation * Director of PNB International Investments Corp. * Columnist for “Business Options” of the Manila Bulletin and “FINEX Folio” of Business World * Director/Vice President of Tarriela Management Company and Director/Vice President/Assistant Treasurer of Gozon Development Corporation

	<ul style="list-style-type: none"> * Life Sustaining Member of the Bankers Institute of the Philippines * Trustee of Tulay sa Pag-unlad, Inc. (TSPI) Development Corporation, TSPI MBAI * Director of Financial Executive Institute of the Philippines (FINEX)
Other Previous Positions	<ul style="list-style-type: none"> * Chairman/Independent Director of Philippine National Bank, PNB Capital and Investment Corporation, PNB-Mizuho Leasing and Finance Corporation, and PNB-Mizuho Equipment Rentals Corporation * Director of Eton Properties Philippines Inc. * Independent Director of PNB Life Insurance, Inc. * Director of Bankers Association of the Philippines * Undersecretary of Finance * Alternate Monetary Board Member of the BSP, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation * Deputy Country Head, Managing Partner and first Filipina Vice President of Citibank N. A. * Country Financial Controller of Citibank NA Philippines for 10 years * President, Bank Administration Institute of the Philippines
Awards/Citations	<ul style="list-style-type: none"> * 2014 Most Outstanding Citibank Philippines Alumni awardee for community involvement * 2018 Go Negosyo Woman Intrapreneur Awardee

Name	RUTH PAMELA E. TANGHAL
Age	54
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Science in Mathematics from the Notre Dame University, Cotabato City * Bachelor of Laws (Cum Laude) from the Notre Dame University, Cotabato City
Current Position in the Bank	Corporate Secretary
Date of First Appointment	September 25, 2020
Directorship in Other Listed Companies	* None
Other Current Positions	<ul style="list-style-type: none"> * Corporate Secretary of Allied Integrated Holdings Inc. (Formerly: PNB Savings Bank) * Corporate Secretary of Genbancor Condominium Corporation * Corporate Secretary of PNB Foundation, Inc. * Director of E.C. Tanghal & Co., Inc.
Other Previous Positions	<ul style="list-style-type: none"> * Assistant Corporate Secretary of PNB * Documentation Lawyer, PNB Legal Group

Name	MICHELLE A. PAHATI-MANUEL
Age	50
Nationality	Filipino
Education	<ul style="list-style-type: none"> * AB Political Science, University of Sto. Tomas * Bachelor of Laws, Saint Louis University

Current Position in the Bank	Assistant Corporate Secretary
Date of First Appointment	September 25, 2020
Directorship in Other Listed Companies	* None
Other Current Positions	* Corporate Secretary, PNB Capital and Investments Corporation
Other Previous Positions	* Corporate Secretary, PNB Securities, Inc.
	* Department Head, Litigation Division, PNB Legal Group
	* Research Lawyer, PNB Legal Group
	* Investigating Lawyer, PNB Legal Group
	* Corporate Secretary, Bulawan Mining Corporation
	* Corporate Secretary, PNB Management and Development Corporation (MADECOR)
	* Court Attorney, Supreme Court
	* Court Attorney, Court of Appeals

Executive Officers:

CENON C. AUDENCIAL, JR., 64, Filipino, Executive Vice President, is the Head of the Institutional Banking Sector. He currently sits as Board Advisor in PNB Capital and Investment Corporation. Before joining the Bank in 2009, he headed the Institutional and Corporate Bank of ANZ, prior to which he was a Senior Relationship Manager of Corporate Banking and Unit Head of Global Relationship Banking for Citibank N.A. He previously served as a Vice President and Unit Head of Standard Chartered Bank's Relationship Management Group, and was a Relationship Manager in Citytrust Banking Corporation. Before his 25-year stint as a Relationship Manager, he was a Credit Analyst for Saudi French Bank and AEA Development Corporation. Mr. Audencial obtained his Bachelor of Arts degree in Economics from the Ateneo de Manila University.

ROBERTO D. BALTAZAR, 59, Filipino, Executive Vice President, is the Head of Global Banking and Markets Sector which includes the Global Markets Group, Wealth Management Group and the Financial Institutions Division. He is likewise a director of PNB Capital and Investment Corporation. Mr. Baltazar brings with him over 30 years of banking experience both in the Financial Markets and Corporate Banking Sector. He spent 4 years in Citibank as a foreign exchange trader then moved to HSBC in 1994 as head of FX Trading then eventually became Head of Global Markets, Debt Capital Markets and Securities Services in 2014. He sustained Debt Capital Markets and HSBC Securities Services (HSS) position as the number one Debt Capital Markets and Global Custodianship Business during his tenure. During this time, HSBC was likewise one of the top FX and Bond Trading houses. He was ACI President in 2013. He was an active member of the BAP Open Market Committee, specifically in the Foreign Exchange Subcommittee. He obtained his Bachelor of Arts degree in Economics from the Ateneo de Manila University and Master's in Business Administration Degree from the University of North Carolina at Chapel Hill, USA.

ISAGANI A. CORTES, 55, Filipino, Executive Vice President, is the Chief Compliance Officer (CCO) of the Bank. He obtained his Bachelor of Arts degree in English from the University of the East and his Bachelor of Laws degree from the University of the Philippines in Diliman. Prior to joining the Bank, Atty. Cortes was the Senior Vice President and Deputy Head of the Regulatory Affairs Group of RCBC. Prior to RCBC, he spent 14 years in The Hongkong Shanghai Banking Corporation (HSBC) handling legal and compliance matters. As SVP and Country Head of Financial Crime Compliance of HSBC from 2014 to 2018, he was the subject matter expert in and risk steward of financial crime risk. He also worked for East West Bank as its Chief Compliance Officer and ABN AMRO Philippines handling Legal, Remedial and Acquired Assets Management.

AIDA M. PADILLA, 73, Filipino, Executive Vice President, is the Head of the Enterprise Services Sector. She is the chief strategist for modification of distressed and problem loans, administrator of all Bank-owned real estate properties and building facilities, and head of the Security Services of PNB. Aida is also a member of various management committees and attends Board Committee meetings as an observer. A seasoned professional, she honed her branch banking experience at Philippine Banking Corporation and the Global Bank where she rose to become Vice President for Marketing of its Corporate Banking Group. Aida obtained her Bachelor of Science degree in Commerce, Major in Accounting from St. Theresa's College.

MANUEL C. BAHENA, JR., 61, Filipino, First Senior Vice President, is the Chief Legal Counsel of the Bank. He joined PNB in 2003 and was appointed as Head of Documentation and Research Division of the Legal Group in 2009. He then assumed the position of Chief Legal Counsel in 2014. Before joining PNB, he was the Corporate Secretary and Vice President of the Legal Department of Multinational Investment Bancorporation. He also formerly served as Corporate Secretary and Legal Counsel of various corporations, among which are the Corporate Partnership for Management in Business, Inc.; Orioxy Investment Corporation; Philippine Islands Corporation for Tourism and Development; Cencorp (Trade, Travel and Tours), Inc.; and Central Bancorporation General Merchants, Inc.

MARIA ADELIA A. JOSON, 68, Filipino, First Senior Vice President, is the Head of the Retail Banking Sector. Daday, as fondly called by her peers, has over 40 years of vast experience in the banking industry. She started her stint as a research analyst in Economic Research Department of Commercial Bank and Trust Company (Comtrust) in 1974. After 4 years, she took the exams and qualified for the Officers Training Program conducted in 1978 and was thereafter promoted to Branch Cashier of Comtrust- Taft Avenue Branch. In 1980, she joined Allied Banking Corporation (ABC) as Cashier of Roosevelt Branch. Throughout her stint at ABC, she has developed high proficiency in all facets of branch banking thru the various key positions she held in the bank as Branch Head, Area Head and Region Head prior to her designation as the Head of Branch Banking Group in 2014. In 2017, she was assigned to head a newly created group in the Retail Banking Sector Sales and Support Group. Because of her consistent commendable performance, she merited promotions not only in positions but also in rank which is currently at FSVP. Daday was designated as the Officer-in-Charge for Retail Banking Sector (RBS) in February 2020 before she was officially appointed as the Head of RBS in November 2020. She obtained her degree in A.B. Economics at La Salle College.

MARIA PAZ D. LIM, 61, Filipino, First Senior Vice President, is the Corporate Treasurer. She is also concurrently the Treasurer of PNB Capital and Investment Corporation. She obtained her Bachelor of Science degree in Business Administration, Major in Finance and Marketing, from the University of the Philippines, and Master in Business Administration from the Ateneo de Manila University. She joined PNB on June 23, 1981, rose from the ranks and occupied various officer positions at the Department of Economics & Research, Budget Office and Corporate Disbursing Office prior to her present position.

ROLAND V. OSCURO, 59, Filipino, First Senior Vice President, is the Chief Information Security Officer and, in concurrent capacity, the Head of Enterprise Information Security Group. He obtained his Bachelor of Science in Electronics and Communications Engineering degree from Mapua Institute of Technology and took up units in Master in Business Administration for Middle Managers at the Ateneo de Manila Graduate School. He is an Electronic and Communications Engineering Board passer. He is also an Information Systems Audit and Control Association's (ISACA) Certified Information Security Manager (CISM). Prior to his present position, Mr. Oscuro was hired as IT Consultant of the Bank on November 2, 2003. In May 2004, he was appointed as the Head of Network Management Division of Information Technology Group with the rank of First Vice President. He was the Operational Support System Group Manager of Multi-Media Telephony, Inc. (Broadband Philippines) prior to joining PNB. He was also connected with various corporations such as Ediserve Corp. (Global Sources), Sterling Tobacco Corporation, Zero Datasoft (Al Bassam), Metal Industry Research and Development Center, and Pacific Office Machines, Inc.

NANETTE O. VERGARA, 62, Filipino, First Senior Vice President, is the Chief Credit Officer and Head of Credit Management Group. She obtained her degree in Bachelor of Science in Statistics (Cum Laude) in 1981 from the University of the Philippines in Diliman. She joined PNB in 2006 and was appointed as First Vice President & Head of Credit Management Division. She started her banking career with the Bank of Commerce in 1981. She moved to the Credit Rating Services Department of the Credit Information Bureau in 1983 and went back to banking in 1992 when she joined the Union Bank of the Philippines. She later transferred to Solidbank Corporation in 1993 to head various credit-related units. Prior to joining PNB, she worked with United Overseas Bank from 2000-2006 as VP/Head of Credit Risk Management.

REYNALDO C. BURGOS, 54, Filipino, Senior Vice President, is the Head of Operations Group. Prior to joining PNB, he was previously connected with Metrobank from 1990 to 2022 as First Vice President, handling Settlements, Cash, and Clearing Operations. With over 30 years of experience, he was exposed to different areas of operations and was part of various projects such as re-engineering, branch transformation to sales model, process review and streamlining, data driven work and analytics, and automation. He was a major contributor of the present Cash Service Alliance (CSA) live project of the Bangko Sentral ng Pilipinas (BSP) and acted as Technical Working Group Head in the implementation of the Check Image Clearing System (CICS) in the Philippines, under the guidance of the BSP, Philippine Clearing House Corporation (PCHC), and Bankers Association of the Philippines (BAP). He served as president of the Clearing Officers Club, Inc. of the Philippines for 11 years and was part of the BAP Operations Committee for more than 10 years. He is a member of the Bancnet Operations Committee and a director of the PCHC. Rey holds a Bachelor of Science degree in Commerce, Major in Accountancy from the Colegio de San Juan de Letran.

EMELINE C. CENTENO, 64, Filipino, Senior Vice President, is the Head of the Corporate Planning and Analysis Division. She obtained her Bachelor of Science degree in Statistics (Dean's Lister) and completed her Master of Arts in Economics degree (on scholarship) from the University of the Philippines. She joined PNB in 1983, rose from the ranks and held various positions at the Department of Economics and Research, Product Development, Monitoring and Implementation Division, and the Corporate Planning Division before assuming her present position as Head of the merged Corporate Planning and Analysis Division. Ms. Centeno was awarded as one of the Ten Outstanding Employees of the Bank in 1987.

AIDELL AMOR R. GREGORIO, 40, Filipino, Senior Vice President, is the Acting Chief Financial Officer and Officer-in-Charge of Financial Management Sector, and in concurrent capacity, the Head of Accounting and Controllershship Group. Aidell joined PNB in August 2019 as the Bank's Controller. Prior to his employment in PNB, he rose from the ranks from an Audit Associate to Audit Senior Director in SyCip Gorres Velayo (SGV) & Co. engaged in auditing of financial statements of banks and other financial institutions for over 14 years. Aidell graduated from the University of Santo Tomas with a Bachelor of Science degree in Accountancy and is a Certified Public Accountant.

MICHAEL M. MORALLOS, 54, Filipino, Senior Vice President, is the Head of the Information Technology Group. He obtained his Bachelor of Arts degree major in Philosophy and Political Science from the University of the Philippines and completed advanced computer studies at the National Computer Institute of the Philippines. His company trainings include Wharton Senior Executive Program, IBM Project Management, Ateneo Banking Principles and extensive systems training at the FIS Training Center, LR, Arkansas. He brings with him over twenty-seven (27) years of work experience and was a Senior FIS Systematics Consultant. Prior to joining PNB, he was First Senior Vice President and Head of Technology Platform at the Siam Commercial Bank, the largest Thai bank with over 28 million Customer Accounts and 1,200 domestic branches. As Chief Technology Officer of PNB, Mr. Morallos introduced significant improvements in the IT service operations as well as innovative changes in the technology support structure to dynamically adapt to the Bank's digital transformation roadmap. He leads the Bank's technology strategy and supports the delivery of technology services and key strategic projects to both domestic and overseas branches.

JOY JASMIN R. SANTOS, 49, Filipino, Senior Vice-President, is the Chief Trust Officer and Head of Trust Banking Group. She has served as Vice-President and Corporate Trust Division Head from 2013 to 2018 and Business Development Division Head of the Trust Banking Group from 2010 to 2012. Prior to joining PNB, she held key managerial positions in various local banks. Ms. Santos graduated as Cum Laude in 1994 from the Ateneo de Manila University with a degree of Bachelor of Arts, Major in Management Economics and obtained her Master in Business Administration from the Australian National University, Canberra, Australia in 2002. She has completed the One-Year Course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines in 2015 and graduated with Distinction. She is also a member of the Board of Directors of the Trust Officers Association of the Philippines (TOAP) and of the Trust Institute Foundation of the Philippines (TIFP).

SOCORRO D. CORPUS, 71, Filipino, is the Officer-in-Charge of Human Resources Group of Philippine National Bank. Cora retired from the Bank in 2017 as First Senior Vice President and Head of the Human Resources Group. Thereafter, she joined Assessment Analytics Inc. (AAI), a company that provides assessment solutions and measurements of talent as a consultant. She is a graduate of Assumption College with a Bachelor of Arts degree, Major in Psychology and an Associate in Commercial Science Degree. She has been an HR practitioner for more than 35 years. She started her career with China Banking Corporation in 1973 prior to joining the Allied Banking Corporation in 1977. Her professional affiliations include the following: Founding member and a Board Member of the Organization Development Professional Network, past President and member of the Bankers' Council for People Management, member of the Personnel Management Association of the Philippines and the regular Bank representative to the Banking Industry Tripartite Council.

JULIET S. DYTOC, 52, Filipino, Vice President, is the Chief Risk Officer and Head of the Risk Management Group. She joined PNB in 2010 under the Trust Banking Group (TBG) as Trust Risk Division Head. In this capacity, Juliet institutionalized the Trust Risk Management framework that covered a comprehensive range of risk areas including credit, market, operational, strategic, regulatory, liquidity, and reputational risk, among others. In September 2020, Juliet was appointed as head of the Market and ALM Division to manage the Bank's market, liquidity, and interest rate risk exposures. She was designated as the officer-in-charge of Risk Management Group in February 2022. She has over 25 years of experience in the banking and finance industry in the areas of risk management, account management, and product development. She started as a management trainee joining PCIBank's Management Development Program and was eventually seconded to PCIB Securities as an Investment Analyst. She took interest in the Trust business and was transferred to Equitable PCI Bank (now BDO Unibank) as a Trust Portfolio Manager. She continued this track in Metrobank as Trust Credit and Risk Officer, the first Trust risk management unit in the banking industry. She briefly handled product management at Standard Chartered Bank where she made available structured products for wealth management clients. At Sterling Bank of Asia she refocused on risk management as head of its market risk unit. She is fluent in French and in conversational Chinese. Juliet graduated cum laude with a Bachelor of Arts degree in European Languages and obtained her Master's degree in Business Administration from the University of the Philippines. In 2000 she completed, placing fourth out of 80 participants, a one-year course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines (TIFP). She was at some point certified by the Securities and Exchange Commission (SEC) as a Fixed Income Salesman. She is a Chartered Financial Analyst (CFA®) Charterholder and an active member of the CFA Society of the Philippines since 2005.

ANALISA I. SAN PEDRO, 45, Filipino, Vice President, is the Chief Audit Executive and Head of the Internal Audit Group. Ana joined the Bank in 2002 as Management Specialist and rose from the ranks to the position of Vice President. She is an active member of the Institute of Internal Auditors (IIA) - Philippines and the Association of Certified Anti-Money Laundering Specialists (ACAMS). She was designated as the Officer-in-Charge of Internal Audit Group in November 2021. Ana holds a

Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA) and a Certified Treasury Professional (CTP).

C. Independent Directors

Among the Board members are five independent directors. They are independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment in fulfilling their responsibilities as directors. The Bank has five (5) independent directors representing 33% of the members of the Board, beyond the 20% requirement of the SEC. The appointment of the 5 independent directors composed of the Board Chairman Federico C. Pascual, Edgar A. Cua, Isabelita M. Papa, Wilfrido E. Sanchez and Domingo H. Yap, were approved and confirmed by the appropriate regulatory bodies.

The independent directors act as Chairman of the Board, Corporate Governance and Sustainability Oversight Committee, Risk Oversight Committee, Board Audit and Compliance Committee and Board Oversight RPT Committee. The independent directors are also members of other board committees such as the Board Strategy and Policy Committee, Board IT Governance Committee, and Non-Voting Member of the Executive Committee and Trust Committee.

D. Identify Significant Employees

All employees of the Bank are valued for their contribution to the business. The management, however, expect the executive officers to make any significant contribution to the business of the Bank.

E. Family Relationship

- Directors Lucio C. Tan and Carmen K. Tan are spouses.
- Directors Vivienne K. Tan, Sheila T. Pascual, and Michael G. Tan are children of Director Lucio C. Tan.
- Director Lucio C. Tan III is the grandson of Director Lucio C. Tan.

F. Involvement in Certain Proceedings

Mr. Lucio C. Tan, Director of the Bank, was elected as Director and CEO of Philippine Airlines, Inc. (PAL) on October 28, 2021.

On September 3, 2021, PAL filed a voluntary petition for relief under Title 11 of the United States (U.S.) Code ("Bankruptcy Code") with the Bankruptcy Court of the Southern District of New York (S.D.N.Y. Bankruptcy Court) docketed as Docket No. 1, in Case No. 21-11569 (SCC) to pursue confirmation of a pre-arranged plan of reorganization to effect the restructuring contemplated by various Restructuring Support Agreements.

Bankruptcy and rehabilitation/restructuring proceedings in the US are governed by the US Bankruptcy Code, which is found in Title 11 of the said code. Debtors seeking the protection of Chapter 11 of the US Bankruptcy Code are generally pursuing the reorganization of their business in an organized forum that provides for participation by all creditors and affords them the opportunity to confirm a plan of reorganization (POR) and emerge from Chapter 11 protection as a reorganized entity, with a stronger balance sheet and positioned to continue to operate and contribute to society by providing jobs, goods, and services.

The POR submitted by PAL which was overwhelmingly supported by the creditors was approved by the Southern District Court of New York on December 17, 2021 thereby enabling PAL to emerge from Chapter 11 on December 31, 2021 when it completed all the remaining requirements of the POR, including the issuance of loan notes and new PAL shares to impaired creditors.

Except as above-described, none of the other directors, nominees for directors, or any of the executive officers of the Bank has been, for the last five (5) years:

- i. Involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- ii. Convicted by final judgment in a criminal proceeding, domestic or foreign, or is being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- iii. Subject to 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 their involvement in any type of business, securities, commodities or banking activities; or
- iv. Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

G. Brief Description of Any Material Pending Legal Proceedings to which the Registrant or any of its Subsidiaries is a Party

The Bank and some of its subsidiaries are parties to various legal proceedings which arose in the ordinary course of their operations. None of such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Bank and its subsidiaries or their financial condition.

Item 10. Executive Compensation

A. General

The annual compensation of executive officers consists of a 16-month guaranteed cash emolument. Non-executive directors are entitled to a per diem for each Board or Board committee meeting attended as follows: ₱50,000.00 for each board meeting and ₱25,000.00 for each committee meeting, provided that in no case shall the total per diem exceed ₱250,000.00 per month for committee meetings. No other emoluments are granted to non-executive directors of the Bank except for the aforementioned per diem. The President and CEO, being the only executive director, is not entitled to any per diem as it is deemed incorporated in his compensation. Total per diem given to the Board of Directors of the Bank amounted to ₱62.6 million in 2022 from ₱67.5 million in 2021.

B. Summary of Compensation Table

Annual Compensation (In ₱)					
Name and Principal Position	Year	Salary	Bonus	Others (per diem)	Total
Mr. Jose Arnulfo A. Veloso President & CEO (Jan to July 4, 2022)	2022				
Mr. Florido P. Casuela Acting President (July 5, 2022)	2022				
Four (4) most highly compensated executive officers other than the CEO:					
1. Cenon C. Audencial, Jr. Executive Vice President	2022				
2. Roberto D. Baltazar Executive Vice President	2022				
3. Isagani A. Cortes Executive Vice President	2022				
4. Aida M. Padilla Executive Vice President	2022				
CEO and Four (4) Most Highly Compensated Executive Officers	Actual 2021	78,698,672	26,850,185	-	105,548,857
	Actual 2022	85,076,479	28,624,696	-	113,701,175
	Projected 2023	92,733,000	31,201,000	-	123,934,000
Directors (unnamed)	Actual 2021	-	-	67,375,000	67,375,000
	Actual 2022	-	-	62,650,000	62,650,000
	Projected 2023	-	-	68,289,000	68,289,000
All other officers (unnamed)	Actual 2021	3,701,703,315	1,219,785,109	-	4,921,488,424
	Actual 2022	3,912,670,519	1,275,736,904	-	5,188,407,423
	Projected 2023	4,264,811,000	1,390,553,000	-	5,655,364,000

C. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All executive officers are covered by the Bank's standard employment contract which guarantees annual compensation on a 16-month schedule of payment. In accordance with Sec. 6.1, Article VI of the Bank's Amended By-Laws, all officers with the rank of Vice President and uphold office and serve at the pleasure of the Board of Directors.

D. Warrants and Options Outstanding: Repricing

No warrants or options on the Bank's shares of stock have been issued or given to the Directors or executive officers as a form of compensation for services rendered.

Item 10A. Remuneration Policy

PNB's remuneration policy manifests the Bank's belief that the quality of its human resource is a key competitive edge in the industry. As such, the Bank maintains remuneration and benefits program that attracts, motivates, and retains talents and develops their potentials. The Bank's remuneration and benefits program aims to 1) ensure compliance with requirements of labor and other regulatory laws; 2) establish competitiveness with peer groups in the industry; and 3) strengthen alignment with and accomplishment of the Bank's business strategies.

The following are the features of the Bank's remuneration policy for Directors and Officers:

I. Emolument and Fringe Benefits of the Board of Directors

- Cash Emolument in the form of Per Diem for every Board and Board Committee meeting
- Non-Cash Benefit in the form of Healthcare Plan, Group Life Insurance, and Group Accident Insurance

II. Officers' Compensation and Benefits

1. Monetary Emoluments

- Monthly compensation in the form of monthly basic pay which is reviewed annually and subject to the adjustment thru merit increase effective July 1 based on Officer's performance and achievements
- Bonuses equivalent to four (4) months Basic Salary per year
- Allowances to cover business-related expenses, official travel, social and recreational activities (i.e., Teambuilding activity / Christmas party), and relocation expenses; other monetary allowances that include annual rice subsidy and annual clothing allowance.
- Service Incentive in the form of cash award upon reaching milestones in length of service (i.e., 10th, 15th, 20th, 25th, 30th, 35th and 40th year of service)

2. Non-Cash Benefits

- Healthcare Plan in the form of hospitalization, consultation and other medical benefits for the Officer and two (2) of his/her primary dependents
- Group Life Insurance coverage in amounts based on the Officer's rank
- Group Accident Insurance coverage in amounts based on the Officer's rank
- Leave Privileges in the form of leave with pay benefits for the following purposes: a) vacation; b) sick; c) maternity; d) paternity; e) birthday; f) bereavement; g) solo parent; h) emergency; i) special leave for female employees; j) special leave privilege for victims under the "Anti-Violence Against Women and their Children Act"; k) Covid-19 Quarantine Leave for Covid-19-related absences.
- Car Plan in the form of car cost-sharing scheme based on the officer's rank

3. Fringe Benefits

- Loan Facilities available for the following purposes: a) housing; b) car financing; c) general purpose; d) motorcycle loan; e) computer loan; and f) special loan for COVID-19 vaccine

4. Retirement Benefits

- Retirement benefits equivalent to applicable monthly pay per year of service for those who attained the required age or minimum length of service under the Plan.

Item 11. Security Ownership

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5% of any class of voting securities as of December 31, 2022)

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
All Seasons Realty Corp. -Makati City- 10,005,866 shares Shareholder	Owned and Controlled by LT Group, Inc.	Filipino	912,811,179	59.8264653298%
Allmark Holdings Corp. -Makati City- 20,724,567 shares Shareholder		Filipino		
Caravan Holdings Corporation -Marikina City- 82,017,184 shares Shareholder		Filipino		
Donfar Management Limited -Makati City- 30,747,898 shares Shareholder		Filipino		
Dunmore Development Corp. (X-496) -Pasig City- 15,140,723 shares Shareholder		Filipino		
Dynaworld Holdings, Inc. -Marikina City- 11,387,569 shares Shareholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
Fast Return Enterprises, Ltd. -Makati City- 18,157,183 shares Shareholder		Filipino		
Fil-Care Holdings, Inc. -Quezon City- 25,450,962 shares Shareholder		Filipino		
Fragile Touch Investment Ltd. -Makati City- 22,696,137 shares Shareholder		Filipino		
Ivory Holdings, Inc. -Makati City- 20,761,731 shares Shareholder		Filipino		
Kenrock Holdings Corp. -Makati City- 26,018,279 shares Shareholder		Filipino		
Kentwood Development Corp. -Quezon City- 17,237,017 shares Shareholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
Key Landmark Investments, Ltd. - Makati City- 133,277,924 shares Shareholder		Filipino		
La Vida Development Corp. -Quezon City- 19,607,334 shares Shareholder		Filipino		
Leadway Holdings, Inc. -Pasig City- 65,310,444 shares Shareholder		Filipino		
Mavelstone International Limited -Makati City- 29,575,168 shares Shareholder		Filipino		
Merit Holdings & Equities Corp. -Quezon City- 17,385,520 shares Shareholder		Filipino		
Multiple Star Holdings Corp. -Makati City- 30,798,151 shares Shareholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
Pioneer Holdings Equities, Inc. -Pasig City- 34,254,212 shares Shareholder		Filipino		
Profound Holdings, Inc. -Makati City- 18,242,251 shares Shareholder		Filipino		
Purple Crystal Holdings, Inc. -Manila City- 24,404,724 shares Shareholder		Filipino		
Safeway Holdings & Equities, Inc. -Quezon City- 12,048,843 shares Shareholder		Filipino		
Society Holdings Corp. -Quezon City- 17,298,825 shares Shareholder		Filipino		
Solar Holdings Corporation -Pasig City- 82,017,184 shares Shareholder		Filipino		
Total Holdings Corporation -Pasig City- 15,995,011 shares Shareholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
True Success Profits, Limited -Makati City- 82,017,184 shares Shareholder		Filipino		
Uttermost Success, Limited -Makati City- 30,233,288 shares Shareholder		Filipino		

(2) Security Ownership of Management (Individual Directors and Executive Officers as of 31 December 2022)

Name of Beneficial Owner	Amount of Common Shares and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Federico C. Pascual Chairman/ Independent Director	39 shares P1,560.00 (R)	Filipino	0.0000025561%
Leonilo G. Coronel Vice Chairman/Director	1 share P40.00 (R)	Filipino	0.0000000655%
Felix Enrico R. Alfiler Director	5 shares P200.00 (R)	Filipino	0.0000003277%
Florido P. Casuela Director/Acting President	162 shares P6,480.00 (R)	Filipino	0.0000106176%
Edgar A. Cua Independent Director	100 shares P4,000.00 (R)	Filipino	0.0000065541%
Estelito P. Mendoza Director	1,150 shares P46,000.00 (R)	Filipino	0.0000753720%

Name of Beneficial Owner	Amount of Common Shares and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Isabelita M. Papa Independent Director	1 share P40.00 (R)	Filipino	0.0000000655%
Sheila T. Pascual Director	110 shares P4,400.00 (R)	Filipino	0.0000072095%
Wilfrido E. Sanchez Independent Director	1 share P40.00 (R)	Filipino	0.0000000655%
Carmen K. Tan Director	5,000 shares P200,000.00 (R)	Filipino	0.0003277045%
Lucio C. Tan Director	14,843,119 shares P593,724,760.00 (R)	Filipino	0.9728313639%
Lucio C. Tan III Director	300 shares P12,000.00 (R)	Filipino	0.0000196623%
Michael G. Tan Director	62,250 shares P2,490,000.00 (R)	Filipino	0.0040799210%
Vivienne K. Tan Director	10 shares P400.00 (R)	Filipino	0.0000006554%
Domingo H. Yap Independent Director	1 share P40.00 (R)	Filipino	0.0000000655%
Sub-total	14,912,249 shares P596,489,960.00 (R)		0.9773622062%
All Directors & Executive Officers as a Group Officers – 71,037 shares	14,983,286 shares P599,331,440.00 (R)		0.9820180350%

Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more PNB shares.

(3) Changes in Control

There has been no change in control in the Bank for the year 2022.

Item 12. Certain Relationships and Related Transactions

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and related interests (DOSRI). Under the Bank's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Bank's DOSRI, 70.00% of which 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, DOSRI loans generally should not exceed the Bank's equity or 15% of the Bank's total loan portfolio, whichever is lower. As of December 31, 2022, and 2021, the Bank was in compliance with such regulations.

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 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;
- significant investors;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

For proper monitoring of related party transactions (RPT) and to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders, the Bank created the Board Oversight RPT Committee (BORC). The BORC is composed of at least five (5) regular members which include three (3) independent directors and two (2) non-voting members (the Chief Audit Executive and the Chief Compliance Officer). The Chairman of the committee is an independent director and appointed by the Board.

Information related to transactions with related parties and with certain Directors, Officers, Stockholders and Related Interests (DOSRI) is shown under Note 33 of the Audited Financial Statements of the Bank and Subsidiaries and Exhibit II (c) of the Supplementary Schedules Required by SRC Rule 68 Annex J.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013 and is transferred to the Annual Corporate Governance Report, which is a separate document to be submitted to the SEC.

PART V - EXHIBITS FOR SEC 17-A AND REPORTS ON SEC 17-C

A. Exhibits for SEC 17-A

	Securities Regulation Code Forms	Exhibit
1	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	N/A
2	Instruments Defining the Rights of Security Holders, Including Indentures	N/A
3	Voting Trust Agreement	N/A
4	Annual Report to Security Holders	Exhibit I
5	Letter re: Change in Certifying Accountant	N/A
6	Letter re: Change in Accounting Principles	N/A
7	Report Furnished to Security Holders	N/A
8	Subsidiaries of the Registrant	Exhibit II (c)
9	Published Report Regarding Matters Submitted to Vote of Security Holders	N/A
10	Consents of Experts and Independent Counsel	N/A
	(a) Power of Attorney	N/A
	(b) Power of Attorney – Foreign Registrant	N/A
11	Additional Exhibits:	Exhibit II
	(a) List of Bank Owned Properties as of December 31, 2022	Exhibit II (a)
	(b) List of Branches (including Head Office) Under Lease as of December 31, 2022	Exhibit II (b)
	(c) Supplementary Schedules Required Under Revised Securities Regulation Code Rule 68	Exhibit II (c)
	(d) Sustainability Report for the Year 2022	Exhibit II (d)

* N/A – not applicable

B. Reports on SEC 17-C

DATE	PARTICULARS
January 28, 2022	<p>Board approval of the following:</p> <ol style="list-style-type: none"> Holding of the Bank's Annual Stockholders' Meeting (ASM) on April 26, 2022 at 8:00 a.m. through remote communication and allow voting <i>in absentia</i> to provide the stockholders a safer mode of attending and participating in the Bank's ASM. Only stockholders of record as of March 28, 2022 will be entitled to notice of and to vote at the meeting. <p>The Agenda for the Meeting will be as follows:</p> <ol style="list-style-type: none"> Call to Order Secretary's Proof of Notice and Quorum Approval of the Minutes of the 2021 Annual Stockholders' Meeting held on April 27, 2021 Report of the President on the Results of Operations for the Year 2021 Approval of the 2021 Annual Report Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2021 Annual Stockholders' Meeting Election of Directors Appointment of External Auditor Other Matters Adjournment

	<ol style="list-style-type: none"> 2. Amendment of the Corporate Governance Manual; 3. Hiring of Mr. Philip S. Pabelico as Head of the Retail Lending Group under the Retail Banking Sector, with the rank of Senior Vice President, effective April 1, 2022; 4. Retirement of Mr. Simeon T. Yap, FVP, Chief Risk Officer and Head of the Risk Management Group, effective February 1, 2022; and 5. Appointment of Ms. Juliet S. Dytoc, VP, as Officer-in-Charge of the Risk Management Group, effective February 1, 2022, vice Mr. Simeon T. Yap.
February 21, 2022	<p>Advised the Commission that on February 18, 2022, Allied Integrated Holdings, Inc. (formerly PNB Savings Bank), a subsidiary of the Bank, received the following issued by the Commission:</p> <ol style="list-style-type: none"> 1. Certificate of Filing of Amended Articles of Incorporation dated February 10, 2022; 2. Certificate of Approval of Decrease of Capital Stock dated February 10, 2022; and 3. Certificate of Filing of Amended By-Laws dated February 10, 2022.
February 28, 2022	<p>Board approval of the following:</p> <ol style="list-style-type: none"> 1. Nominees to the Board of Directors of the Bank for the year 2022-2023, as endorsed by the Corporate Governance and Sustainability Committee: <ol style="list-style-type: none"> a. Federico C. Pascual b. Leonilo G. Coronel c. Florido P. Casuela d. Edgar A. Cua e. Estelito P. Mendoza f. Isabelita M. Papa g. Sheila T. Pascual h. Wilfrido E. Sanchez i. Carmen K. Tan j. Lucio C. Tan k. Lucio C. Tan III l. Michael G. Tan m. Vivienne K. Tan n. Jose Arnulfo A. Veloso o. Domingo H. Yap <p>Mr. Edgar A. Cua, Ms. Isabelita M. Papa, Mr. Federico C. Pascual, Mr. Wilfrido E. Sanchez and Mr. Domingo H. Yap were nominated as Independent Directors.</p> 2. Appointment of Mr. Roland V. Oscuro, FSVP, as Data Protection Officer (DPO) in concurrent capacity as Chief Information Security Officer (CISO) and Head of Enterprise Information Security Group, effective February 16, 2022.
March 7, 2022	Notice of Analysts' Briefing
March 15, 2022	Press Release – PNB sustains strong core operating income in 2021
April 26, 2022	Results of the 2022 Annual Stockholders' Meeting and the Board of Directors' Organizational Meeting
April 29, 2022	Board approval of the amendment to the membership of the Trust Committee

	FROM			TO		
		<u>Name</u>	<u>Position</u>		<u>Name</u>	<u>Position</u>
	1.	Florido P. Casuela	- Chairman	1.	Florido P. Casuela	- Chairman
	2.	Sheila T. Pascual	- Vice-Chairman	2.	Sheila T. Pascual	- Vice-Chairman
	3.	Leonilo G. Coronel	- Member	3.	Leonilo G. Coronel	- Member
	4.	Vivienne K. Tan	- Member	4.	Vivienne K. Tan	- Member
	5.	Isabelita M. Papa*	- Non-voting Member	5.	Federico C. Pascual*	- Non-voting Member
	6.	Wilfrido E. Sanchez*	- Non-voting Member	6.	Wilfrido E. Sanchez*	- Non-voting Member
	7.	Jose Arnulfo A. Veloso	- Member (Ex-Oficio)	7.	Jose Arnulfo A. Veloso	- Member (Ex-Oficio)
	8.	Joy Jasmin R. Santos	- Member (Ex-Oficio)	8.	Joy Jasmin R. Santos	- Member (Ex-Oficio)
	*Independent Director					
May 5, 2022	Notice of Analysts' Briefing					
May 13, 2022	Press Release – PNB posts 57% growth in net income					
May 27, 2022	<p>Board approval of the following:</p> <ol style="list-style-type: none"> 1. Renewal of the Proxy in favor of LT Group, Inc. to vote all shares registered in the name of the Bank on any and all matters that may be taken up in the forthcoming Annual Stockholders' Meeting of PNB Holdings Corporation (PHC) in June 2022. This aligns with the Bank's intention to engage competent and expert property managers for PHC which will further enhance shareholder value; 2. Retirement of Ms. Marie Fe Liza S. Jayme, FSVP and Head of Operations Group, effective June 2, 2022; and 3. Appointment of Mr. Reynaldo C. Burgos, SVP, as Head of Operations Group, effective June 2, 2022 vice Ms. Jayme. 					
June 24, 2022	<p>Board approval of the following:</p> <ol style="list-style-type: none"> 1. Proposal to amend the Articles of Incorporation of PNB-Mizuho Leasing and Finance Corporation (PMLFC), a joint venture company owned by PNB and Mizuho Leasing Co., Ltd. (Mizuho Leasing), one of Japan's top leasing and finance companies, shortening PMLFC's corporate term to March 31, 2024, subject to necessary approvals. <p>PNB and Mizuho Leasing mutually agreed to wind down operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry.</p> <p>The joint venture company started its operations in the country in 1998. Among its services included finance leases, operating leases, term loans, and receivables discounting. The winding down process of the joint venture company is expected to be completed within the next twenty-four (24) months.</p> <ol style="list-style-type: none"> 2. Promotion of the following senior officers, effective July 1, 2022: 					

	<table><tr><th colspan="2">Name</th><th colspan="2">Rank</th><th colspan="2">No. of PNB Shareholdings (common shares)</th></tr><tr><td>1.</td><td>Mariana F. Caculitan</td><td colspan="2">First Senior Vice President</td><td colspan="2">0</td></tr><tr><td>2.</td><td>Mariza L. Tiburcio</td><td colspan="2">First Senior Vice President</td><td colspan="2">2,429</td></tr><tr><td>3.</td><td>Antonio M. Elicano</td><td colspan="2">Senior Vice President</td><td colspan="2">2,220</td></tr><tr><td>4.</td><td>Hernando J. Elmido, Jr.</td><td colspan="2">Senior Vice President</td><td colspan="2">0</td></tr><tr><td>5.</td><td>Don A. Tamayo</td><td colspan="2">Senior Vice President</td><td colspan="2">0</td></tr><tr><td>6.</td><td>Analisa I. San Pedro</td><td colspan="2">Vice President</td><td colspan="2">671</td></tr></table>	Name		Rank		No. of PNB Shareholdings (common shares)		1.	Mariana F. Caculitan	First Senior Vice President		0		2.	Mariza L. Tiburcio	First Senior Vice President		2,429		3.	Antonio M. Elicano	Senior Vice President		2,220		4.	Hernando J. Elmido, Jr.	Senior Vice President		0		5.	Don A. Tamayo	Senior Vice President		0		6.	Analisa I. San Pedro	Vice President		671																																							
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July 5, 2022	<p>Board approval of the following:</p> <p>1. Resignation of Mr. Jose Arnulfo A. Veloso as President and Chief Executive Officer (CEO) of the Bank, effective July 5, 2022;</p> <p>2. Appointment of Mr. Florido P. Casuela, Director, as Officer-in-Charge of PNB, effective July 5, 2022; and</p> <p>3. Revision to the membership of the Trust Committee:</p> <table><tr><th colspan="4">FROM</th><th colspan="4">TO</th></tr><tr><td></td><td><u>Name</u></td><td></td><td><u>Position</u></td><td></td><td><u>Name</u></td><td></td><td><u>Position</u></td></tr><tr><td>1.</td><td>Florido P. Casuela</td><td>-</td><td>Chairman</td><td>1.</td><td>Sheila T. Pascual</td><td>-</td><td>Chairman</td></tr><tr><td>2.</td><td>Sheila T. Pascual</td><td>-</td><td>Vice-Chairman</td><td>2.</td><td>Leonilo G. Coronel</td><td>-</td><td>Member</td></tr><tr><td>3.</td><td>Leonilo G. Coronel</td><td>-</td><td>Member</td><td>3.</td><td>Vivienne K. Tan</td><td>-</td><td>Member</td></tr><tr><td>4.</td><td>Vivienne K. Tan</td><td>-</td><td>Member</td><td>4.</td><td>Federico C. Pascual*</td><td>-</td><td>Non-voting Member</td></tr><tr><td>5.</td><td>Federico C. Pascual*</td><td>-</td><td>Non-voting Member</td><td>5.</td><td>Wilfrido E. Sanchez*</td><td>-</td><td>Non-voting Member</td></tr><tr><td>6.</td><td>Wilfrido E. Sanchez*</td><td>-</td><td>Non-voting Member</td><td>6.</td><td>Florido P. Casuela</td><td>-</td><td>Member (Ex-Oficio)</td></tr><tr><td>7.</td><td>Jose Arnulfo A. Veloso</td><td>-</td><td>Member (Ex-Oficio)</td><td>7.</td><td>Joy Jasmin R. Santos</td><td>-</td><td>Member (Ex-Oficio)</td></tr><tr><td>8.</td><td>Joy Jasmin R. Santos</td><td>-</td><td>Member (Ex-Oficio)</td><td></td><td></td><td></td><td></td></tr></table> <p>*Independent Director</p>	FROM				TO					<u>Name</u>		<u>Position</u>		<u>Name</u>		<u>Position</u>	1.	Florido P. Casuela	-	Chairman	1.	Sheila T. Pascual	-	Chairman	2.	Sheila T. Pascual	-	Vice-Chairman	2.	Leonilo G. Coronel	-	Member	3.	Leonilo G. Coronel	-	Member	3.	Vivienne K. Tan	-	Member	4.	Vivienne K. Tan	-	Member	4.	Federico C. Pascual*	-	Non-voting Member	5.	Federico C. Pascual*	-	Non-voting Member	5.	Wilfrido E. Sanchez*	-	Non-voting Member	6.	Wilfrido E. Sanchez*	-	Non-voting Member	6.	Florido P. Casuela	-	Member (Ex-Oficio)	7.	Jose Arnulfo A. Veloso	-	Member (Ex-Oficio)	7.	Joy Jasmin R. Santos	-	Member (Ex-Oficio)	8.	Joy Jasmin R. Santos	-	Member (Ex-Oficio)				
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July 5, 2022	Press Release – Veloso steps down as PNB President, Bank appoints Officer-in-Charge																																																																																
July 8, 2022	Amendment to the disclosure dated July 5, 2022 clarifying that Mr. Florido P. Casuela was appointed as Acting President and not as Officer-in-Charge.																																																																																
July 22, 2022	<p>Board approval of the following:</p> <p>1. Additional capital infusion of up to ₱392.0M to Allianz-PNB Life Insurance, Inc., subject to regulatory approvals; and</p> <p>2. Appointment of Ms. Analisa I. San Pedro, Vice President, as Head of Internal Audit Group and Chief Audit Executive, effective August 1, 2022.</p>																																																																																


August 2, 2022	Notice of Analysts’ Briefing																																																																								
August 12, 2022	Board approval of the appointment of Mr. Jose German M. Licup, FSVP, as Officer-in-Charge of PNB-Mizuho Leasing and Finance Corporation and PNB-Mizuho Equipment Rentals Corporation (collectively, “PMLFC”), effective August 12, 2022 until termination of the winding down process of PMLFC.																																																																								
August 12, 2022	Press Release – PNB records P11.1 billion net income for 1 st half of 2022																																																																								
August 26, 2022	<div>Board approval of the following:</div> <div><div>1. Appointment of Ms. Celeste Marie V. Lim, SVP, as Officer-in-Charge (OIC)/Head of Marketing Services/Intelligence Analytics and Performance Group in concurrent capacity as Head of Cards Banking Solutions Group, effective September 1, 2022; and</div><div>2. Revision to the membership of the Risk Oversight Committee:</div></div> <table><thead><tr><th colspan="4">FROM</th><th colspan="4">TO</th></tr><tr><th></th><th>Name</th><th></th><th>Position</th><th></th><th>Name</th><th></th><th>Position</th></tr></thead><tbody><tr><td>1.</td><td>Edgar A. Cua*</td><td>-</td><td>Chairman</td><td>1.</td><td>Edgar A. Cua*</td><td>-</td><td>Chairman</td></tr><tr><td>2.</td><td>Isabelita M. Papa*</td><td>-</td><td>Vice-Chairman</td><td>2.</td><td>Isabelita M. Papa*</td><td>-</td><td>Vice-Chairman</td></tr><tr><td>3.</td><td>Florido P. Casuela</td><td>-</td><td>Member</td><td>3.</td><td>Florido P. Casuela</td><td>-</td><td>Member</td></tr><tr><td>4.</td><td>Leonilo G. Coronel</td><td>-</td><td>Member</td><td>4.</td><td>Leonilo G. Coronel</td><td>-</td><td>Member</td></tr><tr><td>5.</td><td>Vivienne K. Tan</td><td>-</td><td>Member</td><td>5.</td><td>Vivienne K. Tan</td><td>-</td><td>Member</td></tr><tr><td>6.</td><td>Domingo H. Yap*</td><td>-</td><td>Member</td><td>6.</td><td>Domingo H. Yap*</td><td>-</td><td>Member</td></tr><tr><td>7.</td><td></td><td></td><td></td><td>7.</td><td>Wilfrido E. Sanchez*</td><td>-</td><td>Member</td></tr></tbody></table> <div>*Independent Director</div>	FROM				TO					Name		Position		Name		Position	1.	Edgar A. Cua*	-	Chairman	1.	Edgar A. Cua*	-	Chairman	2.	Isabelita M. Papa*	-	Vice-Chairman	2.	Isabelita M. Papa*	-	Vice-Chairman	3.	Florido P. Casuela	-	Member	3.	Florido P. Casuela	-	Member	4.	Leonilo G. Coronel	-	Member	4.	Leonilo G. Coronel	-	Member	5.	Vivienne K. Tan	-	Member	5.	Vivienne K. Tan	-	Member	6.	Domingo H. Yap*	-	Member	6.	Domingo H. Yap*	-	Member	7.				7.	Wilfrido E. Sanchez*	-	Member
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August 30, 2022	Amendment to the disclosure dated August 26, 2022 on the results of the meeting of the PNB Board of Directors to advise the approval of the amendment to the Board IT Governance Committee Charter.																																																																								
September 23, 2022	Board approval of the amendments to the 2022 Corporate Governance Manual of the Bank.																																																																								


October 28, 2022	<p>Board approval of the following:</p> <p>1. Amendments to the respective Charters of the Corporate Governance and Sustainability Committee, Risk Oversight Committee, Board Strategy and Policy Committee, Executive Committee, Trust Committee, Board IT Governance Committee, Board Audit and Compliance Committee, and Board RPT Oversight Committee; and</p> <p>2. Promotion of the following senior officers, effective November 1, 2022:</p> <table><tr><th>Name</th><th>Rank/Position</th><th>No. of PNB Shareholdings (Common Shares)</th></tr><tr><td>1. Aidell Amor R. Gregorio</td><td>Senior Vice President</td><td>0</td></tr><tr><td>2. Joy Jasmin R. Santos</td><td>Senior Vice President</td><td>2,054</td></tr></table>	Name	Rank/Position	No. of PNB Shareholdings (Common Shares)	1. Aidell Amor R. Gregorio	Senior Vice President	0	2. Joy Jasmin R. Santos	Senior Vice President	2,054																																																																															
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November 25, 2022	Board approval of the appointment of Ms. Jennifer Y. Ng, Senior Vice President, as Head of Marketing Services/Intelligence Analytics and Performance Group, effective January 16, 2023.																																																																																								
December 16, 2022	Board approval of the resignation of Mr. Paolo Eugenio J. Baltao, SVP and Assistant to the President under the Office of the President, effective January 1, 2023.																																																																																								
December 29, 2022	<p>Board approval of the following:</p> <p>1. Appointment of Mr. Felix Enrico R. Alfiler as Director of the Bank, effective December 29, 2022.</p> <p>2. Revisions to the memberships of the following Board Committees:</p> <p>A. Executive Committee</p> <table><tr><th colspan="4"><u>FROM</u></th><th colspan="4"><u>TO</u></th></tr><tr><th></th><th><u>Name</u></th><th></th><th><u>Position</u></th><th></th><th><u>Name</u></th><th></th><th><u>Position</u></th></tr><tr><td>1.</td><td>Leonilo G. Coronel</td><td>-</td><td>Chairman</td><td>1.</td><td>Leonilo G. Coronel</td><td>-</td><td>Chairman</td></tr><tr><td>2.</td><td>Florido P. Casuela</td><td>-</td><td>Vice-Chairman</td><td>2.</td><td>Florido P. Casuela</td><td>-</td><td>Vice-Chairman</td></tr><tr><td>3.</td><td>Sheila T. Pascual</td><td>-</td><td>Member</td><td>3.</td><td>Sheila T. Pascual</td><td>-</td><td>Member</td></tr><tr><td>4.</td><td>Lucio C. Tan III</td><td>-</td><td>Member</td><td>4.</td><td>Lucio C. Tan III</td><td>-</td><td>Member</td></tr><tr><td>5.</td><td>Michael G. Tan</td><td>-</td><td>Member</td><td>5.</td><td>Michael G. Tan</td><td>-</td><td>Member</td></tr><tr><td>6.</td><td>Vivienne K. Tan</td><td>-</td><td>Member</td><td>6.</td><td>Vivienne K. Tan</td><td>-</td><td>Member</td></tr><tr><td>7.</td><td>Federico Pascual*</td><td>-</td><td>Non-Voting Member</td><td>7.</td><td>Felix Enrico R. Alfiler</td><td>-</td><td>Member</td></tr><tr><td>8.</td><td>Wilfrido Sanchez*</td><td>-</td><td>Non-Voting Member</td><td>8.</td><td>Federico C. Pascual*</td><td>-</td><td>Non-Voting Member</td></tr><tr><td></td><td></td><td></td><td></td><td>9.</td><td>Wilfrido E. Sanchez*</td><td>-</td><td>Non-Voting Member</td></tr></table>	<u>FROM</u>				<u>TO</u>					<u>Name</u>		<u>Position</u>		<u>Name</u>		<u>Position</u>	1.	Leonilo G. Coronel	-	Chairman	1.	Leonilo G. Coronel	-	Chairman	2.	Florido P. Casuela	-	Vice-Chairman	2.	Florido P. Casuela	-	Vice-Chairman	3.	Sheila T. Pascual	-	Member	3.	Sheila T. Pascual	-	Member	4.	Lucio C. Tan III	-	Member	4.	Lucio C. Tan III	-	Member	5.	Michael G. Tan	-	Member	5.	Michael G. Tan	-	Member	6.	Vivienne K. Tan	-	Member	6.	Vivienne K. Tan	-	Member	7.	Federico Pascual*	-	Non-Voting Member	7.	Felix Enrico R. Alfiler	-	Member	8.	Wilfrido Sanchez*	-	Non-Voting Member	8.	Federico C. Pascual*	-	Non-Voting Member					9.	Wilfrido E. Sanchez*	-	Non-Voting Member
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B. Board Strategy and Policy Committee											
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1.	Leonilo G. Coronel	-	Chairman	1.		1.	Felix Enrico R. Alfiler	-	Chairman		
2.	Federico Pascual*	-	Vice-Chairman	2.		2.	Federico Pascual*	-	Vice-Chairman		
3.	Florido P. Casuela	-	Member	3.		3.	Florido P. Casuela	-	Member		
4.	Edgar A. Cua*	-	Member	4.		4.	Leonilo G. Coronel	-	Member		
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9.	Michael G. Tan	-	Member	9.		9.	Lucio C. Tan III	-	Member		
10.	Vivienne K. Tan	-	Member	10.		10.	Michael G. Tan	-	Member		
11.	Domingo H. Yap*	-	Member	11.		11.	Vivienne K. Tan	-	Member		
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C. Trust Committee											
<u>FROM</u>						<u>TO</u>					
	<u>Name</u>		<u>Position</u>				<u>Name</u>		<u>Position</u>		
1.	Sheila T. Pascual	-	Chairman	1.		1.	Sheila T. Pascual	-	Chairman		
2.	Leonilo G. Coronel	-	Member	2.		2.	Leonilo G. Coronel	-	Member		
3.	Vivienne K. Tan	-	Member	3.		3.	Vivienne K. Tan	-	Member		
4.	Federico Pascual*	-	Non-voting Member	4.		4.	Felix Enrico R. Alfiler	-	Member		
5.	Wilfrido E. Sanchez*	-	Non-voting Member	5.		5.	Federico Pascual*	-	Non-voting Member		
6.	Florido P. Casuela	-	Member (Ex-Officio)	6.		6.	Wilfrido E. Sanchez*	-	Non-voting Member		
7.	Joy Jasmin R. Santos	-	Member (Ex-Officio)	7.		7.	Florido P. Casuela	-	Member (Ex-Officio)		
						8.	Joy Jasmin R. Santos	-	Member (Ex-Officio)		
D. Board IT Governance Committee											
<u>FROM</u>						<u>TO</u>					
	<u>Name</u>		<u>Position</u>				<u>Name</u>		<u>Position</u>		
1.	Vivienne K. Tan	-	Chairman	1.		1.	Vivienne K. Tan	-	Chairman		
2.	Lucio C. Tan III	-	Vice-Chairman	2.		2.	Lucio C. Tan III	-	Vice-Chairman		


	3.	Florido P. Casuela	-	Member	3.	Florido P. Casuela	-	Member
	4.	Edgar A. Cua*	-	Member	4.	Edgar A. Cua*	-	Member
	5.	Isabelita M. Papa*	-	Member	5.	Isabelita M. Papa*	-	Member
					6.	Felix Enrico R. Alfiler	-	Member
*Independent Director								

Pursuant to the requirement of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the Philippine National Bank by the undersigned, thereunto duly authorized in the City of Pasay on _____, 2023.


FLORIDO P. CASUELA
Acting President



AIDELL AMOR R. GREGORIO
Senior Vice President and Acting Chief Financial Officer
and concurrent Controller
(Principal Finance and Accounting Officer)


REYNALDO C. BURGOS
Senior Vice President
Operations Group Head
(Principal Operating Officer)


ATTY. RUTH PAMELA E. TANGHAL
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 12 day of APR 2023 affiants exhibiting to me their Identification No.

Doc. No. 30
Page No. 3
Book No. XXXV
Series of 2023


ATTY. EDGARDO V. SATUR
Notary Public for Makati City
Appointment No. M-106 until Dec. 31, 2023
MCLE Compliance Certificate No. VII-0004912
PTR No. PC805870 dated Jan. 5, 2023 Pasay City
Roll No. 34783, IBP OR No. 292157 dated January 21, 2023
5th Flr. Eton Center, 6754 Ayala Ave., Makati City

COVER SHEETfor
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	6	-	0	0	5	5	5	5
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COMPANY NAME

P	H	I	L	I	P	P	I	N	E		N	A	T	I	O	N	A	L		B	A	N	K		A	N	D		S
U	B	S	I	D	I	A	R	I	E	S																			

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

P	N	B		F	i	n	a	n	c	i	a	l		C	e	n	t	e	r	,		P	r	e	s	i	d	e	n
t		D	i	o	s	d	a	d	o		M	a	c	a	p	a	g	a	l		B	o	u	l	e	v	a	r	d

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address gregorioar@pnb.com.ph	Company's Telephone Number <div></div>	Mobile Number <div></div>
No. of Stockholders 36,192	Annual Meeting (Month / Day) 04/25	Fiscal Year (Month / Day) 12/31

CONTACT PERSON INFORMATIONThe designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person Mr. Aidell Amor R. Gregorio	Email Address <div></div>	Telephone Number/s 891-6040 to 70	Mobile Number <div></div>
--	------------------------------	---	------------------------------

CONTACT PERSON'S ADDRESS

<div></div>

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

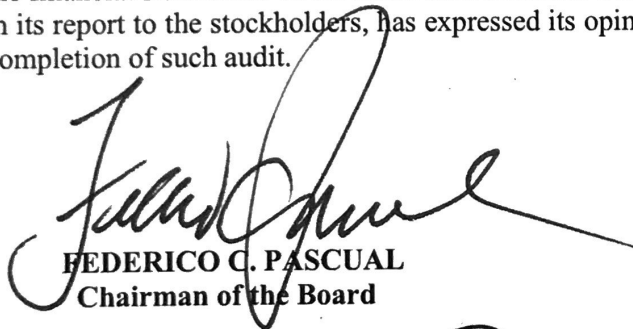
The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

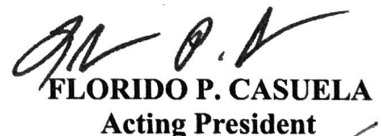
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease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


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

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

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


FEDERICO C. PASCUAL
Chairman of the Board


FLORIDO P. CASUELA
Acting President


AIDELL AMOR R. GREGORIO
Senior Vice President and Acting Chief Financial Officer

17 MAR 2023 PASAY CITY

SUBSCRIBED AND SWORN to before me this ____ day of March 2023 affiants exhibiting to me their Passport Identification No.

Doc. No. 217
Page No. 45
Book No. 1
Series of 2023

Atty. Jamie O. Real
Commission No. 23-15; Roll No. 68794
Notary Public in and for Pasay City
Until December 31, 2024
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 8058701/Jan. 05, 2023/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila

From: eafs@bir.gov.ph <eafs@bir.gov.ph>

Sent: Thursday, April 13, 2023 2:09:07 PM

To: Heherson U Butac <butachu@pnb.com.ph>

Cc: Heherson U Butac <butachu@pnb.com.ph>

Subject: Your BIR AFS eSubmission uploads were received

Hi PHILIPPIINE NATIONAL BANK,

Valid files

- EAFS000188209AFSTY122022.pdf
- EAFS000188209ITRTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MPRZ323T0965L99J6PTYV2RRTOCAJ85DJA**

Submission Date/Time: **Apr 13, 2023 02:09 PM**

Company TIN: **000-188-209**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) and the parent company financial statements of Philippine National Bank (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2022 and 2021 and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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



Key Audit Matters

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

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

Applicable to the audit of the consolidated and parent company financial statements

Adequacy of Allowance for Credit Losses on Loans and Receivables

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

Allowance for credit losses on loans and receivables as of December 31, 2022 amounted to ₱38.9 billion and ₱39.4 billion for the Group and the Parent Company, respectively. Provision for credit losses in 2022 amounted to ₱7.2 billion and ₱7.2 billion for the Group and the Parent Company, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 16 of the financial statements.

Audit response

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

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records



and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

We reviewed the completeness of the disclosures made in the financial statements.

Impairment Testing of Goodwill

As of December 31, 2022, the goodwill of the Group and the Parent Company amounted to ₱11.2 billion and ₱11.4 billion, respectively, as a result of the acquisition of Allied Banking Corporation in 2013. Under PFRS, the Group and the Parent Company are required to test the amount of goodwill for impairment annually. Goodwill has been allocated to three cash generating units (CGUs) namely Retail Banking, Corporate Banking, and Global Banking and Market. The Group and the Parent Company performed the impairment testing using the value in use calculation. The annual impairment test is significant to our audit because it involves significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically estimates of loan and deposit growth rates, interest margin, discount rates, and long-term growth rate.

The disclosures related to goodwill impairment are included in Note 14 to the financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and the assumptions used by the Group and the Parent Company. We compared the key assumptions used, such as loan and deposit growth rates, interest margin and long-term growth rate to the historical performance of the CGUs and to economic and industry forecasts. We tested the parameters used in the derivation of the discount rate against market data. We also reviewed the disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Recognition of Deferred Tax Assets

As of December 31, 2022, the deferred tax assets of the Group and the Parent Company amounted to ₱6.5 billion and ₱6.6 billion, respectively. The recognition of deferred tax assets is significant to our audit because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions and the expected performance of the Group and the Parent Company.



The disclosures in relation to deferred income taxes are included in Note 30 to the financial statements.

Audit Response

We evaluated the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates to the historical performance of the Group and the Parent Company and the industry, including future market circumstances. We also assessed the timing of the reversal of future taxable and deductible temporary differences.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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



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

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

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

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



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

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

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 40 and the Bangko Sentral ng Pilipinas Circular No. 1074 in Note 41 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine National Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Vicky Lee-Salas.

SYCIP GORRES VELAYO & CO.



Vicky Lee-Salas
Partner

CPA Certificate No. 86838

Tax Identification No. 129-434-735

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 86838-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-053-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9564639, January 3, 2023, Makati City

March 13, 2023



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Consolidated		Parent Company	
	December 31		December 31	
	2022	2021	2022	2021
ASSETS				
Cash and Other Cash Items	₱22,217,915	₱27,552,773	₱22,103,095	₱27,454,459
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	94,701,360	161,001,912	94,701,360	161,001,912
Due from Other Banks (Note 33)	26,010,183	27,222,083	17,599,374	19,324,000
Interbank Loans Receivable (Notes 8 and 33)	16,290,101	32,106,088	14,734,743	30,295,755
Securities Held Under Agreements to Resell (Notes 8 and 35)	64,523,863	15,796,673	64,523,863	15,796,673
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	7,347,201	11,167,657	7,195,685	11,010,278
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	158,183,525	167,987,290	157,205,907	167,546,350
Investment Securities at Amortized Cost (Note 9)	110,467,960	89,455,843	110,328,678	89,327,894
Loans and Receivables (Notes 10 and 33)	593,099,915	606,953,751	577,995,018	592,498,761
Property and Equipment (Note 11)	11,973,547	13,472,320	10,619,033	11,812,991
Investments in Subsidiaries and an Associate (Note 12)	2,688,764	2,468,107	20,384,104	27,275,451
Investment Properties (Note 13)	13,794,986	10,735,896	13,264,820	10,178,327
Deferred Tax Assets (Note 30)	6,616,902	6,405,505	6,574,190	6,271,578
Intangible Assets (Note 14)	1,863,922	2,429,434	1,753,616	2,328,957
Goodwill (Note 14)	11,221,410	11,221,410	11,361,768	11,361,768
Other Assets (Note 15)	4,155,522	4,807,920	3,398,996	4,525,498
TOTAL ASSETS	₱1,145,157,076	₱1,190,784,662	₱1,133,744,250	₱1,188,010,652
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	₱220,043,866	₱216,367,830	₱219,805,641	₱216,040,593
Savings	519,940,535	498,581,535	518,928,640	497,172,862
Time	112,113,308	151,729,554	108,766,087	158,066,350
Long Term Negotiable Certificates	19,130,012	28,245,390	19,130,012	28,245,390
	871,227,721	894,924,309	866,630,380	899,525,195
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	1,039,776	891,531	1,039,776	891,346
Bills and Acceptances Payable (Notes 19, 33 and 35)	14,980,373	52,953,797	13,888,035	51,113,018
Lease Liabilities (Notes 29 and 33)	3,636,391	3,765,391	3,604,077	3,698,410
Accrued Taxes, Interest and Other Expenses (Note 20)	9,117,393	7,765,650	8,487,700	7,504,381
Bonds Payable (Note 21)	58,439,097	53,383,421	58,439,097	53,383,421
Income Tax Payable	983,051	157,735	916,235	89,328
Other Liabilities (Note 22)	15,827,640	15,719,872	14,093,805	13,512,851
	975,251,442	1,029,561,706	967,099,105	1,029,717,950
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	61,030,594	61,030,594	61,030,594	61,030,594
Capital Paid in Excess of Par Value (Note 25)	32,116,560	32,116,560	32,106,560	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	4,929,242	5,147,440	4,929,242	5,147,440
Surplus (Note 25)	73,748,748	61,998,232	73,919,909	62,169,393
Net Unrealized Losses on Financial Assets at FVOCI (Notes 9 and 33)	(5,959,275)	(703,737)	(5,959,275)	(703,737)
Remeasurement Losses on Retirement Plan (Note 28)	(2,222,945)	(2,725,067)	(2,222,945)	(2,725,067)
Accumulated Translation Adjustment (Note 25)	2,314,447	1,503,396	2,314,447	1,503,396
Other Equity Reserves (Notes 12 and 25)	248,830	248,830	390,517	390,517
Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	136,096	(626,394)	136,096	(626,394)
Other Equity Adjustment	13,959	13,959	—	—
	166,356,256	158,003,813	166,645,145	158,292,702
NON-CONTROLLING INTERESTS (Note 12)	3,549,378	3,219,143	—	—
	169,905,634	161,222,956	166,645,145	158,292,702
TOTAL LIABILITIES AND EQUITY	₱1,145,157,076	₱1,190,784,662	₱1,133,744,250	₱1,188,010,652

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Thousands, Except Earnings per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
INTEREST INCOME ON						
Loans and receivables (Notes 10, 27 and 33)	₱34,424,531	₱34,157,780	₱37,352,374	₱33,794,036	₱33,449,961	₱37,067,285
Investment securities at amortized cost and FVOCI (Note 9)	8,154,922	5,963,594	6,203,975	8,143,092	5,962,614	6,155,803
Deposits with banks and others (Notes 7, 12 and 33)	1,417,661	1,248,155	2,192,045	1,330,052	1,219,996	1,173,981
Financial assets at FVTPL (Note 9)	292,685	632,492	665,751	284,251	565,447	542,512
Interbank loans receivable and securities held under agreements to resell (Note 8)	954,603	400,356	536,304	896,683	348,153	478,508
	45,244,402	42,402,377	46,950,449	44,448,114	41,546,171	45,418,089
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	5,371,667	4,813,766	7,379,018	5,383,153	4,885,785	7,227,056
Bonds payable (Note 21)	2,111,192	2,231,863	2,904,528	2,111,192	2,231,863	2,904,528
Bills payable and other borrowings (Notes 19, 29 and 33)	433,973	511,921	846,440	363,544	425,080	637,478
	7,916,832	7,557,550	11,129,986	7,857,889	7,542,728	10,769,062
NET INTEREST INCOME	37,327,570	34,844,827	35,820,463	36,590,225	34,003,443	34,649,027
Service fees and commission income (Notes 26 and 33)	6,997,609	6,340,326	4,684,572	5,563,369	5,310,729	4,134,519
Service fees and commission expense	1,429,195	1,051,376	983,186	935,945	846,165	858,182
NET SERVICE FEES AND COMMISSION INCOME	5,568,414	5,288,950	3,701,386	4,627,424	4,464,564	3,276,337
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	7,775,154	981,462	195,842	7,770,001	974,024	130,493
Foreign exchange gains - net (Note 23)	1,608,281	743,549	919,555	1,149,444	623,493	929,890
Trading and investment securities gains (losses) - net (Notes 9 and 33)	(1,280,783)	731,572	3,337,589	(1,277,759)	600,580	3,456,521
Equity in net earnings (losses) of subsidiaries and an associate (Note 12)	(56,060)	50,789	88,476	747,341	(650,134)	95,939
Miscellaneous (Note 27)	1,136,692	1,070,047	1,244,699	721,433	759,826	906,752
TOTAL OTHER OPERATING INCOME	9,183,284	3,577,419	5,786,161	9,110,460	2,307,789	5,519,595
TOTAL OPERATING INCOME	52,079,268	43,711,196	45,308,010	50,328,109	40,775,796	43,444,959
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Notes 14 and 16)	7,198,117	12,879,011	16,882,621	7,305,653	13,125,737	16,534,335
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	9,762,776	9,985,822	10,167,173	9,012,641	9,274,801	9,313,371
Taxes and licenses (Note 30)	5,225,595	3,988,371	4,551,142	5,120,690	3,903,066	4,394,703
Depreciation and amortization (Note 11)	4,225,746	2,845,717	3,154,568	3,909,420	2,499,071	2,607,269
Occupancy and equipment-related costs (Note 29)	1,099,876	1,124,166	990,650	952,932	1,002,093	942,896
Miscellaneous (Note 27)	8,051,942	8,202,755	9,013,439	7,810,430	7,974,555	8,637,974
TOTAL OPERATING EXPENSES	28,365,935	26,146,831	27,876,972	26,806,113	24,653,586	25,896,213
OTHER INCOME						
Gain on loss of control of subsidiaries - net (Note 12)	—	16,807,275	—	—	16,916,842	—
Gain on remeasurement of retained interest (Note 12)	—	16,477,968	—	—	16,383,008	—
TOTAL OTHER INCOME	—	33,285,243	—	—	33,299,850	—
INCOME BEFORE INCOME TAX	16,515,216	37,970,597	548,417	16,216,343	36,296,323	1,014,411
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)	4,931,228	5,545,194	(1,866,402)	4,684,025	5,012,561	(1,945,521)
NET INCOME FROM CONTINUING OPERATIONS	11,583,988	32,425,403	2,414,819	11,532,318	31,283,762	2,959,932
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX (Notes 12 and 36)	—	(735,365)	210,669	—	—	—
NET INCOME	₱11,583,988	₱31,690,038	₱2,625,488	₱11,532,318	₱31,283,762	₱2,959,932
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	₱11,532,318	₱31,630,626	₱2,614,653			
Non-controlling Interests	51,670	59,412	10,835			
	₱11,583,988	₱31,690,038	₱2,625,488			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	₱7.56	₱20.73	₱1.71			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company from Continuing Operations (Note 31)	₱7.56	₱21.21	₱1.58			

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
NET INCOME	₱11,583,988	₱31,690,038	₱2,625,488	₱11,532,318	₱31,283,762	₱2,959,932
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Net change in unrealized loss on debt securities at FVOCI, net of tax (Note 9)	(4,764,711)	(3,178,301)	(578,919)	(4,754,670)	(3,158,391)	(639,403)
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	(885,481)	(558,030)	662,951	(902,788)	(663,471)	556,246
	(5,650,192)	(3,736,331)	84,032	(5,657,458)	(3,821,862)	(83,157)
Accumulated translation adjustment	1,102,022	1,008,640	(257,238)	421,609	(117,264)	(81,646)
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	—	—	—	389,442	902,788	(148,044)
	(4,548,170)	(2,727,691)	(173,206)	(4,846,407)	(3,036,338)	(312,847)
Items that do not recycle to profit or loss in subsequent periods:						
Share in changes in aggregate reserves (losses) on life insurance policies (Note 12)	762,490	412,444	(1,051,118)	762,490	412,444	(1,051,118)
Remeasurement gains (losses) on retirement plan (Note 28)	495,353	285,632	(725,968)	489,953	500,862	(710,795)
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	7,708	(1,482)	4,632	12,169	(216,477)	(10,030)
Net change in unrealized gain (loss) on equity securities at FVOCI (Note 9)	394,654	(21,809)	(251,071)	401,920	63,722	(83,882)
	1,660,205	674,785	(2,023,525)	1,666,532	760,551	(1,855,825)
OTHER COMPREHENSIVE LOSS, NET OF TAX	(2,887,965)	(2,052,906)	(2,196,731)	(3,179,875)	(2,275,787)	(2,168,672)
TOTAL COMPREHENSIVE INCOME	₱8,696,023	₱29,637,132	₱428,757	₱8,352,443	₱29,007,975	₱791,260
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	₱8,352,443	₱29,354,839	₱445,981			
Non-controlling interests	343,580	282,293	(17,224)			
	₱8,696,023	₱29,637,132	₱428,757			

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

Consolidated														
Equity Attributable to Equity Holders of the Parent Company														
	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Reserves of a Disposal Group Classified as Held for Sale (Notes 12 and 36)	Other Equity Adjustment	Total	Non- controlling Interests (Note 12)	Total Equity
Balance at January 1, 2022	P61,030,594	P32,116,560	P5,147,440	P61,998,232	(P703,737)	(P2,725,067)	P1,503,396	P248,830	(P626,394)	P-	P13,959	P158,003,813	P3,219,143	P161,222,956
Total comprehensive income (loss) for the year	-	-	-	11,532,318	(5,255,538)	502,122	811,051	-	762,490	-	-	8,352,443	343,580	8,696,023
Transfer to surplus reserves (Notes 25 and 32)	-	-	(218,198)	218,198	-	-	-	-	-	-	-	-	-	-
Declaration of dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(13,345)	(13,345)
Balance at December 31, 2022	P61,030,594	P32,116,560	P4,929,242	P73,748,748	(P5,959,275)	(P2,222,945)	P2,314,447	P248,830	P136,096	P-	P13,959	P166,356,256	P3,549,378	P169,905,634
Balance at January 1, 2021	P61,030,594	P32,116,560	P5,032,097	P54,498,066	P3,054,403	(P3,009,452)	P717,872	P277,855	(P1,038,838)	P88,616	P13,959	P152,781,732	P3,201,276	P155,983,008
Total comprehensive income (loss) for the year	-	-	-	31,630,626	(3,758,140)	284,385	785,524	-	412,444	-	-	29,354,839	282,293	29,637,132
Declaration of property dividends (Note 12)	-	-	-	(23,935,371)	-	-	-	-	-	-	-	(23,935,371)	-	(23,935,371)
Transfer to surplus reserves (Notes 25 and 32)	-	-	115,343	(115,343)	-	-	-	-	-	-	-	-	-	-
Sale of interest in a subsidiary (Note 12)	-	-	-	(79,746)	-	-	-	-	-	(88,616)	-	(168,362)	(259,721)	(428,083)
Settlement of share-based payments (Note 25)	-	-	-	-	-	-	-	(29,025)	-	-	-	(29,025)	-	(29,025)
Declaration of dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,705)	(4,705)
Balance at December 31, 2021	P61,030,594	P32,116,560	P5,147,440	P61,998,232	(P703,737)	(P2,725,067)	P1,503,396	P248,830	(P626,394)	P-	P13,959	P158,003,813	P3,219,143	P161,222,956
Balance at January 1, 2020	P61,030,594	P32,116,560	P642,018	P56,273,492	P3,250,651	(P2,229,220)	P947,562	P35,466	P12,280	P-	P13,959	P152,093,362	P2,882,038	P154,975,400
Total comprehensive income (loss) for the year	-	-	-	2,614,653	(167,039)	(720,825)	(229,690)	-	(1,051,118)	-	-	445,981	(17,224)	428,757
Transfer to surplus reserves (Notes 25 and 32)	-	-	4,390,079	(4,390,079)	-	-	-	-	-	-	-	-	-	-
Sale of interest in a subsidiary (Note 12)	-	-	-	-	-	-	-	248,830	-	-	-	248,830	95,900	344,730
Settlement of share-based payments (Note 25)	-	-	-	-	-	-	-	(6,441)	-	-	-	(6,441)	-	(6,441)
Reserves of disposal group classified as held for sale (Note 36)	-	-	-	-	(29,209)	(59,407)	-	-	-	88,616	-	-	259,722	259,722
Declaration of dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(19,160)	(19,160)
Balance at December 31, 2020	P61,030,594	P32,116,560	P5,032,097	P54,498,066	P3,054,403	(P3,009,452)	P717,872	P277,855	(P1,038,838)	P88,616	P13,959	P152,781,732	P3,201,276	P155,983,008



Parent Company											
	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves on Life Insurance Policies (Note 12)	Reserves of a Disposal Group Held for Sale (Notes 12 and 36)	Total Equity
Balance at January 1, 2022	₱61,030,594	₱32,106,560	₱5,147,440	₱62,169,393	(₱703,737)	(₱2,725,067)	₱1,503,396	₱390,517	(₱626,394)	₱–	₱158,292,702
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	–	8,352,443
Transfer to surplus reserves (Notes 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–	–
Balance at December 31, 2022	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱–	₱166,645,145
Balance at January 1, 2021	₱61,030,594	₱32,106,560	₱5,032,097	₱54,843,588	₱3,054,403	(₱3,009,452)	₱717,872	₱419,542	(₱1,038,838)	₱88,616	₱153,244,982
Total comprehensive income (loss) for the year	–	–	–	31,283,762	(3,758,140)	284,385	785,524	–	412,444	–	29,007,975
Declaration of property dividends (Note 12)	–	–	–	(23,935,371)	–	–	–	–	–	–	(23,935,371)
Transfer to surplus reserves (Notes 25 and 32)	–	–	115,343	(115,343)	–	–	–	–	–	–	–
Sale of interest in a subsidiary (Note 12)	–	–	–	92,757	–	–	–	–	–	(88,616)	4,141
Settlement of share-based payments (Note 25)	–	–	–	–	–	–	–	(29,025)	–	–	(29,025)
Balance at December 31, 2021	₱61,030,594	₱32,106,560	₱5,147,440	₱62,169,393	(₱703,737)	(₱2,725,067)	₱1,503,396	₱390,517	(₱626,394)	₱–	₱158,292,702
Balance at January 1, 2020	₱61,030,594	₱32,106,560	₱642,018	₱56,273,735	₱3,250,651	(₱2,229,220)	₱947,562	₱35,466	₱12,280	₱–	₱152,069,646
Total comprehensive income (loss) for the year	–	–	–	2,959,932	(167,039)	(720,825)	(229,690)	–	(1,051,118)	–	791,260
Transfer to surplus reserves (Notes 25 and 32)	–	–	4,390,079	(4,390,079)	–	–	–	–	–	–	–
Business combination with a subsidiary (Note 12)	–	–	–	–	–	–	–	390,517	–	–	390,517
Settlement of share-based payments (Note 25)	–	–	–	–	–	–	–	(6,441)	–	–	(6,441)
Reserves of disposal group classified as held for sale (Note 36)	–	–	–	–	(29,209)	(59,407)	–	–	–	88,616	–
Balance at December 31, 2020	₱61,030,594	₱32,106,560	₱5,032,097	₱54,843,588	₱3,054,403	(₱3,009,452)	₱717,872	₱419,542	(₱1,038,838)	₱88,616	₱153,244,982

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax from continuing operations	₱16,515,216	₱37,970,597	₱548,417	₱16,216,343	₱36,296,323	₱1,014,411
Income (loss) before income tax from discontinued operations (Note 36)	—	(626,763)	299,251	—	—	—
Income before income tax	16,515,216	37,343,834	847,668	16,216,343	36,296,323	1,014,411
Adjustments for:						
Net gains on sale or exchange of assets (Note 26)	(7,775,154)	(981,462)	(195,842)	(7,770,001)	(974,024)	(130,493)
Provision for impairment, credit and other losses (Notes 14 and 16)	7,198,117	12,967,152	16,912,402	7,305,653	13,125,737	16,534,335
Unrealized foreign exchange losses (gains) on bonds payable	4,979,818	3,113,544	(2,728,233)	4,979,818	3,113,544	(2,728,233)
Depreciation and amortization (Note 11)	4,225,746	2,894,759	3,184,141	3,909,420	2,499,071	2,607,269
Unrealized foreign exchange losses (gains) on bills and acceptances payable	1,522,200	2,220,574	(1,059,619)	1,511,555	2,214,671	(1,059,379)
Net losses (gains) on financial assets at FVOCI (Note 9)	1,069,547	(1,578,197)	(2,455,265)	1,069,547	(1,578,197)	(2,454,698)
Amortization of premium (discount) on investment securities	(935,770)	294,421	(182,716)	(936,131)	296,554	(176,196)
Accretion to interest income of loss on loan modifications (Note 27)	(369,152)	(351,502)	(901,748)	(369,152)	(351,502)	(901,748)
Net losses (gains) on financial assets at FVTPL (Note 9)	211,235	846,625	(882,374)	208,212	977,617	(1,001,823)
Amortization of transaction costs on borrowings (Notes 17 and 21)	105,480	116,898	229,420	105,480	116,898	229,420
Equity in net losses (earnings) of subsidiaries and an associate (Note 12)	56,060	(50,789)	(88,476)	(747,341)	650,134	(95,939)
Gain on loss of control of subsidiaries - net (Note 12)	—	(16,807,275)	—	—	(16,916,842)	—
Gain on remeasurement of retained interest (Note 12)	—	(16,477,968)	—	—	(16,383,008)	—
Loss on loan modifications (Note 27)	—	—	1,587,605	—	—	1,587,605
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	(4,854,939)	(891,301)	1,126,878	(4,656,651)	(859,213)	1,134,547
Financial assets at FVTPL	3,609,221	11,812,813	(9,475,736)	3,606,381	9,959,744	(9,776,160)
Loans and receivables	4,448,687	(13,325,214)	36,534,525	4,995,515	(16,184,925)	(16,207,664)
Other assets	(243,157)	1,398,479	(896,061)	(1,340,408)	(368,189)	(963,256)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	148,245	190,292	455,620	148,430	190,544	468,810
Deposit liabilities	(23,726,210)	4,603,064	64,182,479	(32,924,438)	5,943,796	117,646,115
Accrued taxes, interest and other expenses	1,518,737	246,627	(2,376,061)	1,139,793	681,686	(1,903,084)
Other liabilities	616,446	(7,663,779)	(5,509,215)	1,084,236	(1,511,065)	(2,764,403)
Net cash generated from (used in) operations	8,320,373	19,921,595	98,309,392	(2,463,739)	20,939,354	101,059,436
Income taxes paid	(2,050,109)	(2,285,669)	(1,648,621)	(1,802,246)	(1,841,579)	(1,461,890)
Net cash provided by (used in) operating activities	6,270,264	17,635,926	96,660,771	(4,265,985)	19,097,775	99,597,546
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	643,902,197	212,598,365	159,923,105	643,888,779	210,574,683	157,339,947
Maturities/early redemptions of investment securities at amortized cost	141,160,199	39,790,071	61,359,649	141,171,532	39,085,249	61,359,649
Disposal of investment properties	6,844,641	293,738	210,936	6,842,374	214,782	161,736
Disposal of property and equipment	108,253	201,593	36,750	32,546	301,198	1,322
Disposal of investment in a subsidiary (Note 12)	—	1,001,558	521,817	—	1,001,558	—
Return of investment (Note 12)	—	—	—	7,500,000	—	—
Cash dividends from a subsidiary (Note 12)	—	—	—	1,092,000	—	—
Acquisitions of:						
Financial assets at FVOCI	(638,254,305)	(224,330,405)	(169,859,472)	(637,154,487)	(224,330,405)	(169,859,472)
Investment securities at amortized cost	(162,392,791)	(33,372,543)	(56,875,400)	(162,392,791)	(33,372,543)	(57,227,468)
Software cost (Note 14)	(881,572)	(655,455)	(283,472)	(848,426)	(612,515)	(268,768)
Property and equipment (Note 11)	(547,083)	(1,120,741)	(1,231,247)	(535,981)	(675,730)	(1,027,671)
Additional investments in an associate (Note 12)	(392,000)	(245,000)	—	(392,000)	(245,000)	—
Net cash used in investing activities	(10,452,461)	(5,838,819)	(6,197,334)	(796,454)	(8,058,723)	(9,520,725)

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	(P277,002,294)	(P273,753,842)	(P136,717,622)	(P274,908,050)	(P272,556,037)	(P118,473,479)
Proceeds from issuances of bills and acceptances payable	237,506,670	237,327,616	168,973,402	236,171,512	236,637,024	155,926,201
Payment of principal portion of lease liabilities (Note 29)	(1,113,225)	(1,231,287)	(664,156)	(1,068,038)	(1,213,912)	(649,402)
Settlement of bonds payable	—	(13,870,000)	—	—	(13,870,000)	—
Net cash provided by (used in) financing activities	(40,608,849)	(51,527,513)	31,591,624	(39,804,576)	(51,002,925)	36,803,320
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(44,791,046)	(39,730,406)	122,055,061	(44,867,015)	(39,963,873)	126,880,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	27,552,773	25,135,724	30,500,927	27,454,459	25,038,434	29,642,159
Due from Bangko Sentral ng Pilipinas	161,001,912	202,129,356	105,981,801	161,001,912	202,129,356	101,801,597
Due from other banks	27,222,083	19,733,300	17,758,143	19,324,000	12,131,726	10,835,106
Interbank loans receivable (Note 8)	30,453,378	38,939,572	22,943,529	29,042,376	37,464,504	22,274,306
Securities held under agreements to resell	15,796,673	15,819,273	2,517,764	15,796,673	15,819,273	1,149,984
	262,026,819	301,757,225	179,702,164	252,619,420	292,583,293	165,703,152
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	22,217,915	27,552,773	25,135,724	22,103,095	27,454,459	25,038,434
Due from Bangko Sentral ng Pilipinas	94,701,360	161,001,912	202,129,356	94,701,360	161,001,912	202,129,356
Due from other banks	26,010,183	27,222,083	19,733,300	17,599,374	19,324,000	12,131,726
Interbank loans receivable (Note 8)	9,782,452	30,453,378	38,939,572	8,824,713	29,042,376	37,464,504
Securities held under agreements to resell	64,523,863	15,796,673	15,819,273	64,523,863	15,796,673	15,819,273
	P217,235,773	P262,026,819	P301,757,225	P207,752,405	P252,619,420	P292,583,293
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest paid	P7,312,461	P7,690,053	P11,936,540	P7,256,130	P7,670,243	P11,494,829
Interest received	43,082,036	42,928,178	47,391,100	42,297,774	42,075,051	44,519,365
Dividends received	—	—	—	1,092,000	—	—

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousand Pesos except When Otherwise Indicated)

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of December 31, 2022 and 2021, the shares of PNB are held by the following:

	2022	2021
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation *	15.85%	15.94%
Other stockholders owning less than 10% each	24.32%	24.23%
	100.00%	100.00%

* Acts as a trustee-nominee for PNB shares lodged under the PCD system

PNB's immediate parent company, LTG, and ultimate parent company, Tangent Holdings Corporation, are also incorporated in the Philippines.

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, investment banking, treasury operations, fund transfers, remittance and trust services, through its 651 and 670 domestic branches as of December 31, 2022 and 2021, respectively. As of the same dates, the Parent Company has 72 and 70 overseas branches, representative offices, remittance centers and subsidiaries, respectively, in 17 locations in Asia, North America and Europe.

The subsidiaries of the Parent Company are engaged in a number of diversified financial and related businesses such as remittance, banking, leasing, stock brokerage, foreign exchange trading and/or related services. The Parent Company and the subsidiaries are collectively referred hereinto as the Group.

The principal place of business of the Parent Company is at PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Metro Manila, Philippines.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation of the Financial Statements

The Group prepared the accompanying financial statements on a historical cost basis, except for the following accounts which are measured at fair value:

- financial assets and liabilities at fair value through profit or loss (FVTPL); and
- financial assets at fair value through other comprehensive income (FVOCI).

The financial statements of the Parent Company which include its Head Office in Pasay City, Philippines, and all of its domestic and foreign branches, reflect the accounts maintained in its Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine pesos (₱ or PHP) and United States Dollar (USD), respectively. The individual financial statements of these units are combined and any inter-unit accounts and transactions are eliminated.



The Group presents the amounts in the financial statements to the nearest thousand pesos (₱000), unless otherwise stated.

2.2 Statement of Compliance

The Group prepared these financial statements in accordance with Philippine Financial Reporting Standards (PFRS) adopted by the Philippine Securities and Exchange Commission (SEC).

2.3 Presentation of the Financial Statements

The Group presents the statements of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 24.

The Group generally presents financial assets and financial liabilities at their gross amounts in the statement of financial position, unless the offsetting criteria under PFRS are met. The Group does not also set off items of income and expenses, unless offsetting is required or permitted by PFRS, or is specifically disclosed in the Group's accounting policies.

The Group presents its consolidated financial statements and parent company financial statements side-by-side to comply with the requirements of the Bangko Sentral ng Pilipinas (BSP).

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared on the same reporting period as the Parent Company using consistent accounting policies. In the consolidation, the Group eliminates in full all significant intra-group balances, transactions, and results of intra-group transactions.

The Group consolidates its subsidiaries from the date on which the Group obtains control over the subsidiary (see definition of 'control' in 2.12 *Investments in Subsidiaries, Associates and Joint Ventures*). For partially-owned subsidiaries, the Group attributes the subsidiary's income, expenses and components of other comprehensive income (OCI) to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in deficit balances of the NCI. NCI represents the portion of profit or loss and the net assets not held by the Group, which are presented separately in the consolidated financial statements. NCI consists of the amount attributed to such interest from the date of business combination and its share in any changes in equity of the subsidiary.

When the Group's ownership interest in a subsidiary changes but does not result in a loss of control, the Group adjusts the carrying amounts of the controlling interests and the NCI to their new relative interests in the subsidiary. The Group recognizes any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received directly in equity as 'Other equity reserves', which is attributed to the owners of the Parent Company.

Consolidation of a subsidiary ceases when the Group loses control over the subsidiary. In such circumstances, the Group derecognizes the assets (including goodwill), liabilities, NCI, and other components of equity of the subsidiary, and recognizes the consideration received and any investment retained at their fair values. The Group records any resulting difference in the statement of income as 'Gain on loss of control of subsidiaries - net'.



2.5 Foreign Currency Translation

For financial reporting purposes, the Group translates all accounts in the FCDU books and foreign currency-denominated accounts in the RBU books into their equivalents in Philippine pesos. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency.

2.5.1 Transactions and Balances

As at reporting date, the Group translates the following foreign currency-denominated accounts in the RBU in Philippine peso using:

Financial statement accounts in RBU	Exchange rate
Monetary assets and liabilities	Bankers Association of the Philippines (BAP) closing rate at end of year
Income and expenses	Rate prevailing at transaction date
Non-monetary items measured at historical cost in a foreign currency	Rate at the date of initial transaction
Non-monetary items measured at fair value in a foreign currency	Rate at the date when fair value is determined

The Group recognizes in the statement of income any foreign exchange differences arising from revaluation of monetary assets and liabilities. For non-monetary items measured at fair values, the Group recognizes any foreign exchange differences arising from revaluation in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.5.2 FCDU and Overseas Branches and Subsidiaries

As at the reporting date, the Group translates the assets and liabilities of the FCDU and overseas branches and subsidiaries in Philippine peso at the BAP closing rate prevailing at the reporting date, and their income and expenses at the average exchange rate for the year. Foreign exchange differences arising on translation are taken directly to OCI under 'Accumulated Translation Adjustment'. Upon disposal of a foreign entity or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in OCI relating to the particular foreign operation is recognized in the statement of income.

2.6 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements.

- Amendments to PFRS 3, *Business Combinations: Reference to the Conceptual Framework*
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. An exception to the recognition principle of PFRS 3 was also added to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Philippine Accounting Standards (PAS) 37, *Provisions, Contingent*



Liabilities and Contingent Assets, or Philippine Interpretation IFRIC 21, *Levies*, if incurred separately. The amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments apply prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds Before Intended Use*
The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, entities should recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments are applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts: Cost of Fulfilling a Contract*
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly-related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments apply to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.
- Annual Improvements to PFRS Standards 2018-2020 Cycle
 - Amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards: Subsidiary as a first-time adopter*
The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.
 - Amendment to PFRS 9, *Financial Instruments: Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
 - Amendment to PAS 41, *Agriculture: Taxation in fair value measurements*
The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.



2.7 Business Combinations

The Group accounts for business combinations using the acquisition method. Under this method, the Group measures the acquisition cost as the aggregate of the acquisition-date fair value of the consideration transferred and any amount of NCI in the acquiree. The Group then allocates that cost to the acquired identifiable assets and liabilities based on their respective fair values. Any excess acquisition cost over the fair value of the net assets acquired is allocated to goodwill (see related accounting policy under 2.13.3 *Intangible Assets*). If the fair value of the net assets acquired exceeds the acquisition cost, the gain is recognized in the statement of income. The Group recognizes any acquisition-related costs as administrative expenses as they are incurred. The Group also recognizes any contingent consideration to be transferred by the acquirer at its fair value at the acquisition date.

In business combinations involving entities under common control, the Group determines whether or not the business combination has commercial substance. When there is commercial substance, the Group accounts for the transaction using the acquisition method as discussed above. Otherwise, the Group accounts for the transaction similar to a pooling of interests (i.e., the assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values, and any resulting difference with the fair value of the consideration given is accounted for as an equity transaction).

2.8 Non-current Assets and Disposal Group Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal group as held for sale if their carrying amounts will be recovered principally through a sale transaction. As such, non-current assets and disposal groups are measured at the lower of their carrying amounts and fair value less costs to sell (i.e., the incremental costs directly attributable to the sale, excluding finance costs and income taxes).

The Group regards the criteria for held for sale classification as met only when:

- the Group has initiated an active program to locate a buyer;
- the Group is committed to the plan to sell the asset or disposal group, which should be available for immediate sale in its present condition;
- the sale is highly probable (i.e, expected to happen within one year from the date of the classification); and
- actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

The Group presents separately the assets and liabilities of disposal group classified as held for sale in the statement of financial position.

The Group classifies a disposal group as discontinued operation if it is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group excludes discontinued operations from the results of continuing operations and presents them as a single amount as profit or loss after tax from discontinued operations in the statement of income.



If the above criteria are no longer met, the Group ceases to classify the asset or disposal group as held for sale. In such cases, the Group measures such asset or disposal group at the lower of its:

- carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had it not been classified as such; and
- recoverable amount at the date of the subsequent decision not to sell.

The Group also amends financial statements for the periods since classification as held for sale if the asset or disposal group that ceases to be classified as held for sale is a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. Accordingly, for all periods presented, the Group reclassifies and includes in income from continuing operations the results of operations of the asset or disposal group previously presented in discontinued operations.

2.9 Fair Value Measurement

Fair value is the price that the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that these transactions take place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The Group measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. If an asset or a liability measured at fair value has both bid and ask prices, the Group uses the price within the bid-ask spread, which is the most representative of fair value in the circumstances.

For nonfinancial assets, the Group measures their fair value considering a market participant's ability to generate economic benefits by using an asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 5, based on the lowest level input that is significant to the fair value measurement as a whole.

2.10 Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items (COCI), amounts due from BSP and other banks, interbank loans receivable and securities held under agreements to resell that are convertible to known amounts of cash, with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in fair value. Due from BSP includes statutory reserves required by the BSP, which the Group considers as cash equivalents wherein drawings can be made to meet cash requirements.



2.11 Financial Instruments

2.11.1 Initial Recognition of Financial Instruments

The Group recognizes purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace on settlement date (i.e., the date that an asset is delivered to or by the Group), while derivatives are recognized on trade date (i.e., the date that the Group commits to purchase or sell). The Group recognizes deposits, amounts due to banks and customers and loans when cash is received by the Group or advanced to the borrowers.

All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

2.11.2 Classification and Subsequent Measurement of Financial Instruments

The Group classifies and measures financial assets at FVTPL unless these are measured at FVOCI or at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing those financial assets.

The Group first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test ('solely payments of principal and interest' or SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

For financial liabilities, the Group classifies them as either financial liabilities at FVTPL or financial liabilities at amortized cost.

Financial assets at FVTPL

Financial assets at FVTPL include the following:

- Financial assets held for trading – those acquired for the purpose of selling or repurchasing in the near term;
- Derivative instruments – contracts entered into by the Group (such as currency forwards, currency swaps, interest rate swaps and warrants) as a service to customers and as a means of reducing or managing their respective financial risk exposures, as well as for trading purposes;



- Financial assets that are not SPPI, irrespective of the business model; or
- Debt financial assets designated upon initial recognition at FVTPL – those assets where the Group applied the fair value option at initial recognition if doing so eliminates or significantly reduces an accounting mismatch

The Group carries financial assets at FVTPL in the statement of financial position at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group recognizes any gains or losses arising from changes in fair values of financial assets at FVTPL directly in the statement of income under ‘Trading and investment securities gains (losses) - net’, except for currency forwards and currency swaps, where fair value changes are included under ‘Foreign exchange gains - net’.

Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities, which are subsequently measured at fair value. The Group recognizes the unrealized gains and losses arising from the fair valuation of financial assets at FVOCI, net of tax, in the statement of comprehensive income as ‘Net change in unrealized gain (loss) on financial assets at FVOCI’.

Debt securities at FVOCI are those that meet both of the following conditions:

- the asset is held within a business model whose objective is to hold the financial asset in order to both collect contractual cash flows and sell the financial asset; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

The Group reports the effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, in the statement of income. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in OCI is recognized as ‘Trading and investment securities gain (loss) - net’ in the statement of income. The Group recognizes the expected credit losses (ECL) arising from impairment of such financial assets in OCI with a corresponding charge to ‘Provision for impairment, credit and other losses’ in the statement of income (see related accounting policy under 2.11.5 *Impairment of Financial Assets*).

Equity securities designated at FVOCI are those that the Group made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. The Group recognizes the dividends earned on holding the equity securities at FVOCI in the statement of income when the right to payment has been established. Gains and losses on disposal of these equity securities at FVOCI are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the OCI is reclassified to ‘Surplus’ or any other appropriate equity account upon disposal. The Group does not subject equity securities at FVOCI to impairment assessment.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

- the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

This accounting policy relates to the statement of financial position captions ‘Due from Bangko Sentral ng Pilipinas’, ‘Due from other banks’, ‘Interbank loans receivable’, ‘Securities held under agreements to resell’, ‘Investment securities at amortized cost’, and ‘Loans and receivables’.



The Group subsequently measures financial assets at amortized cost using the effective interest method of amortization, less allowance for credit losses. The Group includes the amortization in 'Interest income', and the ECL arising from impairment of such financial assets in 'Provision for impairment, credit and other losses' in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).

Financial liabilities at amortized cost

The Group classifies issued financial instruments or their components which are not designated at FVTPL, as financial liabilities at amortized cost under 'Deposit liabilities', 'Bills and acceptances payable', 'Bonds payable' or other appropriate financial liability accounts. The substance of the contractual arrangement for these instruments results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group subsequently measures financial liabilities at amortized cost using the effective interest method of amortization.

Repurchase and reverse repurchase agreements

The Group does not derecognize from the statement of financial position securities sold under agreements to repurchase at a specified future date ('repos'). Instead, the Group recognizes the corresponding cash received, including accrued interest, as a loan to the Group, reflecting the economic substance of such transaction.

Conversely, the Group does not recognize securities purchased under agreements to resell at a specified future date ('reverse repos'). The Group is not permitted to sell or repledge the securities in the absence of default by the owner of the collateral. The Group recognizes the corresponding cash paid, including accrued interest, as a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest method.

2.11.3 Reclassification of Financial Instruments

Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in the business models for managing these financial assets. Reclassification of financial liabilities is not allowed.

2.11.4 Derecognition of Financial Instruments

Financial Assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred control over the asset.



Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the Group recognizes the asset only to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recoveries' under 'Miscellaneous Income' in the statements of income.

Financial liabilities

The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the Group treats such an exchange or modification as a derecognition of the original liability and recognition of a new liability, and Group recognizes the difference in the respective carrying amounts in the statement of income.

2.11.5 Impairment of Financial Assets

ECL methodology

The Group's loss impairment method on financial instruments applies a forward-looking ECL approach, which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk (SICR) of the financial instrument since origination (12-month ECL). Otherwise, if an SICR is observed, then the Group extends its ECL estimation until the end of the life of the financial instrument (Lifetime ECL). Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Staging assessment

The Group categorizes financial instruments subject to the ECL methodology into three stages:

- Stage 1 – comprised of all non-impaired financial instruments which have not experienced an SICR since initial recognition. The Group recognizes 12-month ECL for Stage 1 financial instruments.
- Stage 2 – comprised of all non-impaired financial instruments which have experienced an SICR since initial recognition. The Group recognizes Lifetime ECL for Stage 2 financial instruments.
- Stage 3 – comprised of financial instruments which have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on their estimated future cash flows. The Group recognizes Lifetime ECL for Stage 3 (credit-impaired) financial instruments.

Definition of "default" and "cure"

The Group considers default to have occurred when:

- the obligor is past due for more than 90 days on any material credit obligation to the Group; or
- the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral, as applicable.



The Group no longer considers an instrument to be in default when it no longer meets any of the default criteria and has exhibited satisfactory and acceptable track record for six consecutive payment periods, subject to applicable rules and regulations of the BSP.

Determining SICR

At each reporting date, the Group assesses whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. The Group's assessment of SICR involves looking at both the qualitative and quantitative elements, as well as if the loan or credit exposure is unpaid for at least 30 days ("backstop").

The Group assesses SICR on loans or credit exposures having potential credit weaknesses based on current and/or forward-looking information that warrant management's close attention. Such weaknesses, if left uncorrected, may affect the repayment of these exposures. The loan or credit exposure also exhibits SICR if there are adverse or foreseen adverse economic or market conditions that may affect the counterparty's ability to meet the scheduled repayments in the future.

The Group looks at the quantitative element through statistical models or credit ratings process or scoring process that captures certain information, which the Group considers as relevant in assessing changes in credit risk. The Group also looks at the number of notches downgrade of credit risk rating (CRR) or certain thresholds for the probabilities of default being generated from statistical models to determine whether SICR has occurred subsequent to initial recognition date.

Transfer between stages

The Group transfers credit exposures from Stage 1 to Stage 2 if there is an SICR from initial recognition date. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer an SICR since initial recognition, then the Group reverts them to Stage 1.

The Group transfers credit exposures from Stage 3 (non-performing) to Stage 1 (performing) when there is sufficient evidence to support their full collection. Such exposures should exhibit both of the following indicators:

- quantitative – characterized by payments made within an observation period; and
- qualitative – pertain to the results of assessment of the borrower's financial capacity.

Generally, the Group considers that full collection is probable when payments of interest and/or principal are received for at least six months.

Modified or restructured loans and other credit exposures

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule, which may be provided depending on the borrower's current or expected financial difficulties. Modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date and schedule of periodic payments.

If modifications are considered by the Group as substantial based on qualitative factors, the loan is derecognized as discussed under 2.11.4 *Derecognition of Financial Instruments*.



If a loan or credit exposure has been renegotiated or modified without resulting in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original effective interest rate (EIR). The Group also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms. Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

Purchased or originated credit-impaired loans

The Group considers a loan as credit-impaired on purchase or origination if there is evidence of impairment at the time of initial recognition (i.e., acquired/purchased at a deep discounted price). The Group recognizes the cumulative changes in Lifetime ECL since initial recognition as a loss allowance for purchased or originated credit-impaired loan.

Measurement of ECL

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether there has been SICR since initial recognition. ECL calculations are based on the following components:

- Probability of default (PD) – an estimate of the likelihood that a borrower will default on its obligations over the next 12 months for Stage 1 or over the remaining life of the credit exposure for Stages 2 and 3.
- Loss-given-default (LGD) – an estimate of the loss arising in case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.
- Exposure-at-default (EAD) – an estimate of the exposure at a future/default date taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdown on committed facilities and accrued interest from missed payments.
- Discount rate – represents the rate to be used to discount an expected loss to present value at the reporting date using the original EIR determined at initial recognition.

In measuring ECL, the Group considers forward-looking information depending on the credit exposure. The Group applies experienced credit judgment, which is essential in assessing the soundness of forward-looking information and in ensuring that these are adequately supported. Forward-looking macroeconomic information and scenarios consider:

- factors that may affect the general economic or market conditions in which the Group operates, such as gross domestic product growth rates, foreign exchange rates, inflation rate, among others;
- changes in government policies, rules and regulations, such as adjustments to policy rates;
- other factors pertinent to the Group, including the proper identification and mitigation of risks such as incidences of loan defaults or losses.

The Group also measures ECL by evaluating a range of possible outcomes and using reasonable and supportable pieces of information that are available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.11.6 Financial Guarantees and Undrawn Loan Commitments

The Group gives loan commitments and financial guarantees consisting of letters of credit, letters of guarantees, and acceptances.



Financial guarantees are contracts that require the Group as issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Group initially recognizes financial guarantees on trade receivables at fair value under 'Bills and acceptances payable' or 'Other liabilities' in the statement of financial position. Subsequent to initial recognition, the Group measures these financial guarantees at the higher of:

- the initial fair value less any cumulative amount of income or amortization recognized in the statement of income; and
- the ECL determined under PFRS 9.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

The Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized in 'Allowance for credit losses' under 'Loans and receivables'.

2.12 Investments in Subsidiaries, Associates and Joint Ventures

The Group's subsidiaries pertain to investees where the Group demonstrates control. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., those existing rights that give the Group the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, such as contractual arrangements with other voting shareholders of the investee, rights arising from other contractual arrangements, or any potential voting rights of the Group.

The Group's associate pertains to the investee over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's joint venture pertains to joint arrangements whereby the Group and other parties have joint control of the arrangement and have rights to the net assets of the arrangement.

The Group accounts for its investments in subsidiaries, associates and joint venture under the equity method of accounting. Under this method, the Group carries the investment in the statement of financial position at cost plus post-acquisition changes in the share in the net assets of the investee less accumulated impairment losses, if any (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*). The Group reflects its share in the results of operations of the investee and any impairment losses in the statement of income. When there has been a change recognized in the investee's OCI, the Group recognizes its share in any changes and discloses this in the statement of comprehensive income. The Group eliminates any profits or losses arising from transactions between the Group and the investee to the extent of the interest of the Group in the investee. Once the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized,



only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the related OCI recorded in equity and recycles the same to statement of income or 'Surplus';
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the statement of income; and
- Reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Upon loss of control over a subsidiary or significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any resulting difference between the aggregate of the investee's carrying amount upon disposal and the fair value of the retained investment, and proceeds from disposal is recognized in the statement of income.

For transactions where ownership interest in a subsidiary, associate or joint venture that did not result in a loss of control or significant influence, as applicable, the Parent Company recognizes the gain or loss in the profit and loss representing the difference between the proceeds from sale and the carrying value of the investment.

2.13 Other Nonfinancial Assets

2.13.1 Property and Equipment

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use (see related accounting policy under 2.16.5 *Expenditures on Nonfinancial Assets*).

The Group carries its land at cost less any impairment in value, and its depreciable properties such as buildings, right-of-use assets, furniture, fixtures and equipment, long-term leasehold land, and leasehold improvements at cost less accumulated depreciation and amortization and any impairment in value (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

For right-of-use assets included under 'Property and equipment', see related accounting policy under 2.18.1 *Group as a Lessee Under Lease Contracts*.

2.13.2 Investment Properties and Chattel Mortgage Properties

The Group initially measures investment properties and chattel mortgage properties initially at cost, including transaction costs (see related accounting policy under 2.16.5 *Expenditures on Nonfinancial Assets*). When the investment property or chattel mortgage property is acquired through an exchange transaction, the Group measures the asset at its fair value, unless the fair value of such an asset cannot be reliably measured in which case the asset acquired is measured at the carrying amount of asset given up. The Group recognizes any gain or loss on exchange in the statement of income under 'Net gains (losses) on sale or exchange of assets'.



Foreclosed properties are classified under 'Investment properties' upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (dacion en pago).

Subsequent to initial recognition, the Group carries the investment properties and chattel mortgage properties at cost less accumulated depreciation (for depreciable properties) and any impairment in value (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

The Group transfers assets to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Conversely, the Group transfers out of investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

2.13.3 Intangible Assets

The Group initially measures separately acquired intangible assets at cost, and the intangible assets acquired in a business combination at their fair values at the date of acquisition. The Group does not capitalize internally generated intangibles, excluding capitalized development costs, and reflects in profit or loss the related expenditures in the period in which the expenditure is incurred.

Intangibles with finite lives

The Group capitalizes software costs, included in 'Intangible assets', on the basis of the cost incurred to acquire and bring to use the specific software (see related accounting policy under *2.16.5 Expenditures on Nonfinancial Assets*).

Customer relationship intangibles (CRI) and core deposits intangibles (CDI) are the intangible assets acquired by the Group through business combination. The Group initially measures these intangible assets at their fair values at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, intangibles with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

Goodwill

The Group initially measures goodwill acquired in a business combination at cost. With respect to investments in an associate, the Group includes goodwill in the carrying amount of the investments. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances that the carrying value may be impaired (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

2.13.4 Derecognition of Nonfinancial Assets

The Group derecognizes a nonfinancial asset when it has either been disposed of or when the asset is permanently withdrawn from use and no future benefit is expected from its disposal. The Group recognizes any gains or losses on the disposal of a nonfinancial asset in the statement of income under 'Net gains (losses) on sale or exchange of assets' in the period the asset is derecognized.



2.13.5 Impairment of Nonfinancial Assets

Property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate

At each reporting date, the Group assesses whether there is any indication that its property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate may be impaired. When an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit (CGU) to which it belongs.

When the carrying amount of an asset exceeds its recoverable amount, the Group considers the asset as impaired and writes the asset down to its recoverable amount. In assessing VIU, the Group discounts the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group charges the impairment loss against current operations. At each reporting date, the Group assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount and reverses a previously recognized impairment loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal recognized in the statement of income cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. After such reversal, the Group adjusts the depreciation and amortization in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

The Group performs its annual impairment test of goodwill every fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The Group determines impairment for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated (or to the aggregate carrying amount of a group of CGUs to which the goodwill relates but cannot be allocated), the Group recognizes an impairment loss immediately in the statement of income under 'Provision for impairment, credit and other losses'. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

2.14 Equity

2.14.1 Capital Stock

The Group measures capital stock at par value for all shares issued and outstanding. When the shares are sold at a premium, the Group credits the difference between the proceeds and the par value to 'Capital paid in excess of par value'. 'Surplus' represents accumulated earnings (losses) of the Group less dividends declared.



2.14.2 Reserves Recorded in Equity

The reserves recorded in equity in the statement of financial position include:

- Remeasurement losses on retirement plan – pertains to the remeasurement comprising actuarial gains or losses on the present value of the defined benefit obligation, net of return on plan assets (see related accounting policy under 2.17.1 *Retirement Under Defined Benefit Plan*).
- Accumulated translation adjustment – used to record exchange differences arising from the translation of the FCDU accounts and foreign operations (i.e., overseas branches and subsidiaries) to Philippine peso (see related accounting policy under 2.5.2 *FCDU and Overseas Branches and Subsidiaries*).
- Net unrealized gains (losses) on financial assets at FVOCI – comprises changes in fair value of financial assets at FVOCI (see related accounting policy under 2.11.2 *Classification and Subsequent Measurement of Financial Instruments*).

2.14.3 Dividends

The Group recognizes dividends on common shares as a liability and deduction against ‘Surplus’ when approved by the Board of Directors (BOD) of the Parent Company. The Group measures the liability to distribute dividends at the carrying amount of the dividends, except for distributions of non-cash assets where the Group measures the liability at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the non-cash assets declared as dividends, with any changes in the carrying amount of the non-cash dividends recognized in equity as adjustments to the amount of distribution.

For dividends that are approved after the reporting date, the Group discloses them in the financial statements as an event after the reporting date.

2.14.4 Securities Issuance Costs

The Group capitalizes the issuance, underwriting and other related expenses incurred in connection with the issuance of debt securities (other than debt securities designated at FVTPL) and amortizes over the terms of the instruments using the effective interest method. The Group includes any unamortized debt issuance costs in the carrying value of the related debt instruments in the statement of financial position.

For underwriting, share registration, and other share issuance costs and taxes incurred in connection with the issuance of equity securities, the Group accounts for these costs as reduction of equity against ‘Capital paid in excess of par value’. If the ‘Capital paid in excess of par value’ is not sufficient, the share issuance costs are charged against the ‘Surplus’. For transaction costs that relate jointly to the offering and listing of the shares, the Group allocates the costs to those transactions (i.e., reduction against equity for those allocated to offering of shares, and expensed for those allocated to listing of shares) using a basis of allocation that is rational and consistent with similar transactions.

2.15 Revenue Recognition

Revenue is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for brokerage transactions.



2.15.1 Interest Income

Interest on interest-bearing financial assets at FVTPL and held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculate the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Group records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Group considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Group adjusts the carrying amount of the financial instrument through 'Interest income' in the statement of income based on the original EIR.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

The Group defers the commitment fees for loans that are likely to be drawn down (together with any incremental costs) and includes them as part of the EIR of the loan. These are amortized using EIR and recognized as 'Interest income' over the expected life of the loan.

The Group recognizes income on direct financing leases and receivables financed using the effective interest method and any unearned discounts are shown as deduction against 'Loans and receivables'. Unearned discounts are amortized over the term of the note or lease using the effective interest method and consist of:

- transaction and finance fees on finance leases and loans and receivables financed with long-term maturities; and
- excess of the aggregate lease rentals plus the estimated residual value of the leased equipment over its cost.

2.15.2 Service Fees and Commission Income

The Group earns fee and commission income from diverse range of services it provides to its customers:

Fees from services that are provided over a certain period of time

The Group accrues fees earned for the provision of services over a period of time. These fees include investment fund fees, custodian fees, fiduciary fees, credit-related fees, trust fees, portfolio and other management fees, and advisory fees.

Bancassurance fees

The Group recognizes non-refundable access fees on a straight-line basis over the term of the period of the provision of the access. Milestone fees or variable and fixed earn-out fees are recognized in reference to the stage of achievement of the milestones.



Fee income from providing transaction services

The Group recognizes the fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, only upon completion of the underlying transaction. For fees or components of fees that are linked to a certain performance, the Group recognizes revenue after fulfilling the corresponding criteria. These fees include underwriting fees, corporate finance fees, remittance fees, brokerage fees, commissions, deposit-related and other credit-related fees.

The Group recognizes loan syndication fees as revenue when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as the other participants.

2.15.3 Credit Card Revenues

Interchange fees and revenue from rewards redeemed

The Group takes up as income the interchange fees under 'Service fees and commission income' upon receipt from member establishments of charges arising from credit availments by the Group's cardholders. These discounts are computed based on certain agreed rates and are deducted from amounts remitted to the member establishments.

The Group operates a loyalty points program which allows customers to accumulate points when they purchase from member establishments using the issued card of the Group. The points can then be redeemed for free products subject to a minimum number of points being redeemed.

The Group allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The Group defers the amount allocated to the loyalty program and recognizes revenue only when the loyalty points are redeemed or the likelihood of the credit cardholder redeeming the loyalty points becomes remote. The Group includes the deferred balance under 'Other liabilities' in the statement of financial position.

Commissions on credit cards

The Group recognizes commissions earned as revenue upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Commissions on installment credit sales

The Group records the purchases by the credit cardholders, collectible on installment basis, at the cost of the items purchased plus certain percentage of cost. The Group recognizes the excess over cost as 'Unearned and other deferred income', which is shown as a deduction from 'Loans and receivables' in the statement of financial position. The Group amortizes and recognizes as 'Interest income' the unearned and other deferred income over the installment terms using the effective interest method.

2.15.4 Trading and Investment Securities Gains - Net

The Group recognizes in 'Trading and investment securities gains - net' the results arising from trading activities, all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL, and gains and losses from disposal of debt securities at FVOCI.



2.15.5 Gain on Sale or Exchange of Assets

The Group recognizes gain on sale or exchange of assets upon completion of the earning process upon transfer of control and when the collectability of the sales price is reasonably assured.

2.15.6 Other Income

Rental income

The Group accounts for rental income arising on leased properties on a straight-line basis over the lease terms, which is recorded in the statement of income under 'Miscellaneous income' (see related accounting policy under 2.18.2 *Group as a Lessor Under Lease Contracts*).

Dividend income

The Group recognizes dividend income when the Group's right to receive payment is established.

Insurance premiums and commissions on reinsurance

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods. The Group recognizes premiums from short-duration insurance contracts and reinsurance commissions as revenue over the period of the contracts using the 24th method, except for marine cargo where the provision for unearned premiums pertain to the premiums for the last two months of the year. The Group recognizes in the statement of income for the period the net changes in provisions for unearned premiums and deferred reinsurance premiums.

2.16 Expenditures

2.16.1 Borrowing Costs

The Group recognizes borrowing costs as 'Interest expense' in the year in which these costs are incurred. Borrowing costs consist of interest expense calculated using the effective interest method that the Group incurs in connection with borrowing of funds.

2.16.2 Operating Expenses

This encompasses those expenses that arise in the course of the ordinary activities of the Group, as well as any losses incurred. These are recognized in the statement of income as they are incurred.

2.16.3 Taxes and Licenses

This includes all other taxes, local and national, including gross receipts taxes, documentary stamp taxes, real estate taxes, licenses and permit fees that are recognized when incurred.



2.16.4 Depreciation and Amortization

The Group computes for depreciation and amortization of depreciable assets using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the depreciable assets follow:

	Years
Property and equipment:	
Buildings	25 - 50
Right-of-use assets	1 - 25 or the lease term, whichever is shorter (provided that lease term is more than one year)
Furniture, fixtures and equipment	5
Long-term leasehold land	46 - 50
Leasehold improvements	10 or the lease term, whichever is shorter
Investment properties	10 - 25
Chattel mortgage properties	5
Intangible assets with finite lives:	
Software costs	5
CDI	10
CRI	3

The Group reviews periodically the useful life and the depreciation and amortization method to ensure that these are consistent with the expected pattern of economic benefits from the depreciable assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation and amortization period or method, as appropriate, and are treated as changes in accounting estimates.

2.16.5 Expenditures on Nonfinancial Assets

The Group charges against current operations the expenditures incurred after the nonfinancial assets (i.e., property and equipment, investment properties, software costs, and chattel mortgage properties) have been put into operation, such as repairs and maintenance. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of these nonfinancial assets beyond their originally assessed standard of performance, the Group capitalizes such expenditures as additional cost.

2.17 Employee Benefits

2.17.1 Retirement Under Defined Benefit Plan

At the end of the reporting period, the Group determines its net defined benefit liability (or asset) as the difference between the present value of the defined benefit obligation and the fair value of plan assets, adjusted for any effect of asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.



Defined benefit costs recognized in the statement of income consist of the following:

- service costs – include current service costs, past service costs (recognized when plan amendment or curtailment occurs) and gains or losses on non-routine settlements; and
- net interest on the net defined benefit liability or asset – pertains to the change during the period in the net defined benefit liability (or asset) that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Changes in the net defined benefit liability (or asset) also include remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding net interest on defined benefit liability (or asset). The Group recognizes these remeasurements immediately in OCI in the period in which they arise. The Group does not reclassify these remeasurements to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies, and are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the Group estimates the fair value of plan assets by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group recognizes its right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation as a separate asset at fair value when and only when reimbursement is virtually certain.

2.17.2 Employee Leave Entitlement

The Group recognizes entitlements of employees to annual leave as a liability when they are accrued to the employees. The Group recognizes the undiscounted liability for leave expected to be settled wholly before 12 months after the end of the reporting period for services rendered by employees up to the end of the reporting period. For leave entitlements expected to be settled for more than 12 months after the reporting date, the Group engages an actuary to estimate the long-term liability, which is reported in 'Accrued taxes, interest and other expenses' in the statement of financial position.

2.17.3 Share-Based Payment

Employees of the Parent Company receive remuneration in the form of share-based payments, where employees render services as consideration for equity instruments. The Parent Company determines the cost of equity-settled transactions at fair value at the date when the grant is made, and recognizes as 'Compensation and fringe benefits', together with a corresponding increase in equity ('Other equity reserves'), over the period in which the service is fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects to the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of income for a period represents the movement in the cumulative expense recognized as at the beginning and end of the period.



2.18 Leases

The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.18.1 Group as a Lessee Under Lease Contracts

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

- **Right-of-use assets**

At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Group recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Group measures the right-of-use assets at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents the right-of-use assets in 'Property and equipment' and subjects it to impairment in line with the Group's policy on impairment of nonfinancial assets (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

- **Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Group's incremental borrowing rate, which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments include fixed payments, any variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date of the lease, the Group measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities (recorded in 'Interest expense on bills payable and other borrowings'), reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and the leases of low-value assets recognition exemption to its leases of ATM offsite locations and other equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense under 'Occupancy and equipment-related costs' on a straight-line basis over the lease term.



2.18.2 Group as a Lessor Under Lease Contracts

For finance leases where the Group transfers substantially all the risks and rewards incidental to ownership of the leased item, the Group recognizes a lease receivable in the statement of financial position at an amount equivalent to the net investment (asset cost) in the lease. The Group includes all income resulting from the receivable in 'Interest income on loans and receivables' in the statement of income.

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

In operating leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Group recognizes rental income on a straight-line basis over the lease terms. The Group adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease term on the same basis. The Group recognizes contingent rents as revenue in the period in which they are earned.

2.19 Provisions

The Group recognizes provisions when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the Group recognizes the reimbursement as a separate asset but only when the reimbursement is virtually certain. The Group presents the expense relating to any provision in the statement of income, net of any reimbursement.

If the effect of the time value of money is material, the Group determines provisions by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the Group recognizes the increase in the provision due to the passage as 'Interest expense on bills payable and other borrowings'.

2.20 Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

2.21 Income Taxes

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with tax laws and is recognized in the statement of income, except to the extent that it relates to items directly recognized in OCI.



2.21.1 Current Tax

The Group measures current tax assets and liabilities for the current periods at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted or substantively enacted at the reporting date.

2.21.2 Deferred Tax

The Group provides for deferred tax using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group recognizes deferred tax liabilities for all taxable temporary differences, including asset revaluations. The Group recognizes deferred tax assets for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

The Group, however, does not recognize deferred tax on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income. The Group does not also provide deferred tax liabilities on non-taxable temporary differences associated with investments in domestic subsidiaries and an associate. With respect to investments in foreign subsidiaries, the Group does not recognize deferred tax liabilities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the recognized amount to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. The Group reassesses unrecognized deferred tax assets at each reporting date and recognizes amounts to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The Group measures deferred tax assets and liabilities at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For current and deferred tax relating to items recognized directly in OCI, the Group recognizes them also in OCI and not in the statement of income.

In the consolidated financial statements, the Group offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

When tax treatments involve uncertainty, the Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty for each uncertain tax treatment using the method the Group expects to better predict the resolution of the uncertainty.



2.22 Earnings Per Share

The Group computes for the basic earnings per share (EPS) by dividing net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any bonus issue, share split or reverse share split during the period.

The Group computes for the diluted EPS by dividing the aggregate of net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of any dilutive shares.

2.23 Related Party 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 Group'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;
- significant investors and their subsidiaries and associates called affiliates;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

2.24 Events After the Reporting Date

The Group reflects in the financial statements any post-year-end event that provides additional information about the Group's position at the reporting date (adjusting event). The Group discloses post-year-end events that are not adjusting events, if any, when material to the financial statements.

2.25 Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Refer to Note 6 for the detailed disclosure on segment information.

2.26 Fiduciary Activities

The Group excludes from these financial statements the assets and income arising from fiduciary activities, together with related undertakings to return such assets to customers, where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

2.27 Future Changes in Accounting Standards

Listed below are accounting standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.



Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
 - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and
 - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance. Early adoption of the amendments is permitted as long as this fact is disclosed.

- Amendments to PAS 12, *Income Taxes, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*
The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. Early adoption of the amendments is permitted.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current;
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its current practice and whether existing loan agreements may require renegotiation.



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use retained. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- PFRS 10, *Consolidated Financial Statements*, and PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the reported amounts and disclosures. The Group continually evaluates judgments and estimates and uses as basis its historical experience and other factors, including expectations of future events. The Group reflects the effects of any changes in estimates in the financial statements as they become reasonably determinable.



3.1 Judgments

3.1.1 Assessment of Control Over a Subsidiary

The Group demonstrates control over an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the following elements must all be present to exercise control over an investee:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

The Group considers all facts and circumstances when assessing whether it controls an investee.

In making this assessment, the Group considers the following factors:

- The purpose and design of the investee
- What the relevant activities are and how decisions about those activities are made
- Whether the rights of the Group give it the current ability to direct the relevant activities
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee
- Whether the Group has the ability to use its power over the investee to affect the amount of the investor's returns

The assessment of the Group on its control over a subsidiary is further discussed in Note 12.

3.1.2 Assessment of Significant Influence Over an Associate

The Group generally accounts for an investment as an associate when the Group holds 20% or more of the voting power of the investee company held directly or indirectly through subsidiaries, unless it can be clearly demonstrated that this is not the case.

In assessing whether the Group exercises significant influence over an investee company, the Group considers the following factors:

- Representation in the BOD or equivalent governing body of the investee company
- Participation in policy-making processes, including participation in decisions about dividends and other distributions
- Material transactions between the Group and the investee company
- Interchange of management personnel
- Provision of essential technical performance

The assessment of the Group on its significant influence over an investee company is further discussed in Note 12.

3.1.3 Classification of Financial Assets

The Group classifies its financial assets depending on the results of the SPPI test and on the business model used for managing those financial assets.



When performing the SPPI test, the Group applies judgment and evaluates relevant factors and characteristics such as the behavior and nature of contractual cash flows, its original currency denomination, the timing and frequency of interest rate repricing, contingent events that would alter the amount and/or timing of cash flows, leverage features, prepayment or extension options and other features that may modify the consideration for the time value of money.

As a second step, the Group performs business model assessment to reflect how financial assets are managed in order to generate net cash inflows based on the following factors:

- business objectives and strategies for holding the financial assets;
- performance measures and benchmarks being used to evaluate the Group's key management personnel accountable to the financial assets;
- risks associated to the financial assets and the tools applied in managing those risks;
- compensation structure of business units, including whether based on fair value changes of the investments managed or on the generated cash flows from transactions; and
- frequency and timing of disposals.

In applying judgment, the Group also considers the circumstances surrounding the transaction as well as the prudential requirements of the BSP.

3.1.4 Fair Valuation of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the Group uses valuation techniques and mathematical models. The Group derives the inputs to these models from observable markets where possible, otherwise, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. For the valuation of nonmarketable unquoted equity securities, the Group considers a discount for lack of marketability, which is applied to the values determined by an independent valuation company (refer to Note 5 for the fair values of financial instruments).

3.1.5 Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsels handling the Group's defense in these matters and is based upon an analysis of potential results. Management does not believe that the outcome of these matters will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to the proceedings (refer to Note 34).

3.1.6 Determination of Functional Currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires the Group to use its judgment to determine the functional currency of the Group, including its foreign operations, such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to each entity or reporting unit.



In making this judgment, the Group considers the following:

- the currency that mainly influences prices for financial instruments and services (this will often be the currency in which prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

3.2 Accounting Estimates

3.2.1 Credit Losses on Financial Assets

The Group's ECL calculations are mainly derived from outputs of complex statistical models and expert judgment, with a number of underlying assumptions regarding the choice of variable inputs as well as their independencies. The Group considers the following elements of the ECL models, among others, as significant accounting judgments and estimates:

- segmentation of the portfolio, where the appropriate ECL approach and/or model is used, including whether assessments should be done individually or collectively;
- quantitative and qualitative criteria for determining whether there has been SICR as at a given reporting date and the corresponding transfers between stages;
- determination of expected life of the financial asset and expected recoveries from defaulted accounts;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of correlations and interdependencies between risk factors, macroeconomic scenarios and economic inputs, such as inflation, policy rates and collateral values, and the resulting impact to PDs, LGDs and EADs; and
- selection of forward-looking information and determination of probability-weightings to derive the ECL.

In response to the changing credit environment due to the protracted COVID-19 pandemic, as well as the effects of the Russia-Ukraine conflict, rising interest rates, inflation, and other 'black swan' events (see further discussion of these events under 3.2.2 *Recognition of Deferred Tax Assets*) which may potentially occur, the Group reviews on a monthly basis its loan portfolio, particularly for accounts that have shown or are beginning to show increases in credit risk. The Group performs comprehensive review of the default profile of its accounts to determine if there are factors or indicators not captured in the risk rating model. If there are noted weaknesses in the model, where possible, the Group recalibrates the parameter estimates to the ECL models to incorporate internal default experience, as well as most recent available external data affecting each segment of the Group's loan portfolio.

Starting April 2020, the Group reviewed the conduct of its impairment assessment and ECL methodologies. The Group revisited the segmentation of its portfolio based on industry vulnerability and resiliency assessment. The Group also reassessed the framework for macroeconomic overlay, incorporating pandemic and other stress scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Refer to Note 16 for the details of the carrying value of financial assets subject to ECL and for the details of the ECL.



3.2.2 Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the availability of future taxable income in reference to financial forecast and tax strategies. The Group takes into consideration the loan portfolio and deposit growth rates.

The Group reassesses its business plan, as well as tax strategies, in the next three to five years, considering various economic scenarios including recovery outlook and effects on specific industries and trade of the protracted COVID-19 pandemic, Russia-Ukraine conflict, rising interest rates, inflation, and other 'black swan' events (such as longer lasting supply shock inflation pressure, credit rating downgrade, deep recession in the USA and Europe, and emergence of a new pandemic).

Refer to Note 30.3 for the carrying amount of recognized and unrecognized deferred tax assets.

3.2.3 Present Value of Retirement Obligation

The Group determines the cost of defined benefit pension plan and other post-employment benefits using actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The Group reviews all assumptions at each reporting date.

The discount rate is based on zero-coupon yield of government bonds with remaining maturity approximating the estimated average duration of benefit payment. Future salary increases are based on the Group's policy considering the prevailing inflation rate. The mortality rate used is based on publicly available mortality table modified accordingly with estimates of mortality improvements. The employee turnover is based on the Group's most recent experience.

The present value of retirement obligation is disclosed in Note 28.

3.2.4 Impairment of Goodwill

The Group conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value. The recoverable amount of the CGU is determined based on a VIU calculation, which considers the present value of cash flow projections from financial budgets approved by senior management and BOD of the Parent Company covering a three-year period. The assumptions used in the calculation of VIU are sensitive to estimates of future cash flows from business, interest margin, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

Estimating future earnings involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment. Similar with its considerations discussed under 3.2.2 *Recognition of Deferred Tax Assets*, the Group revisits its business plan and applies judgment to reassess the projections of future cash flows as of December 31, 2022, considering various economic scenarios and recovery outlook.

The carrying values of the Group's goodwill, accumulated impairment losses, and key assumptions used in determining VIU are disclosed in Note 14.3.



4. Financial Risk Management Objectives and Policies

4.1 Risk Management Framework

The Parent Company's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. As delegated by the BOD, the Risk Oversight Committee (ROC) is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to management. The ROC advises on the overall current and future risk appetite and strategy and assists in overseeing the implementation of those strategies and business plans by senior management. Details of the Parent Company's risk framework are discussed under the Risk Management Disclosure Section of the Parent Company's annual report.

The Group's activities are principally related to the development, delivery, servicing and use of financial instruments. Risk is inherent in these activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

The Group defines material risks (at group level) as those risks from any business activity large enough to threaten the Parent Company's capital position to drop below its desired level resulting in either a ₱13.3 billion increase in risk-weighted assets or a ₱1.7 billion reduction in earnings and/or qualifying capital which translate into a reduction in CAR by 20 basis points (bps).

Resulting from the assessments based on the premise identified above, the Parent Company agrees and reviews on a regular basis the material risks that need particular focus from all three lines of defense. For the assessment period 2020-2022, these are based on the following nine (9) material risks, which are grouped under Pillar 1 and Pillar 2 risks, and shall be covered in the Internal Capital Adequacy Assessment Process (ICAAP) document and required for monitoring.

Types and definition of each of these risks are discussed hereunder:

Pillar 1 Risks:

1. Credit Risk (includes Counterparty and Country Risks)
2. Market Risk
3. Operational Risk

Pillar 2 Risks:

4. Credit Concentration Risk
5. Interest Rate Risk in Banking Book (IRRBB)
6. Liquidity Risk
7. Reputational / Customer Franchise Risk
8. Strategic Business Risk
9. Cyber Security Risk

The Risk Management Group (RMG) provides the legwork for the ROC in its role of formulating the risk management strategy, the development and maintenance of the internal risk management framework, and the definition of the governing risk management principles. The RMG provides assistance to the Assets and Liabilities Committee (ALCO) on capital management and the Board Policy Committee on the management of regulatory capital.



The mandate of the RMG involves:

- Implementing the risk management framework of identifying, measuring, controlling and monitoring the various risk taking activities of the Group, inherent in all financial institutions;
- Providing services to the risk-taking units and personnel in the implementation of risk mitigation strategies; and
- Establishing recommended limits based on the results of its analysis of exposures.

4.2 Credit Risk

Credit risk is the non-recovery of credit exposures (on-and-off balance sheet exposures). Managing credit risk also involves monitoring of migration risk, concentration risk, country risk and settlement risk. The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual transaction).

The credit risk management of the entire loan portfolio is under the direct oversight of the ROC and Executive Committee. Credit risk assessment of individual borrower is performed by the business sector, remedial sector and credit management sector. Risk management is embedded in the entire credit process, i.e., from credit origination to remedial management (if needed).

Among the tools used by the Group in identifying, assessing and managing credit risk include:

- Documented credit policies and procedures: sound credit granting process, risk asset acceptance criteria, target market and approving authorities;
- System for administration and monitoring of exposure;
- Pre-approval review of loan proposals;
- Post approval review of implemented loans;
- Work out system for managing problem credits;
- Regular review of the sufficiency of valuation reserves;
- Monitoring of adequacy of capital for credit risk via the Capital Adequacy Ratio (CAR) report;
- Monitoring of breaches in regulatory and internal limits;
- Credit Risk Management Dashboard;
- Diversification;
- Internal Risk Rating System for corporate accounts;
- Credit Scoring for retail accounts; and
- Active loan portfolio management undertaken to determine the quality of the loan portfolio and identify: portfolio growth, movement of loan portfolio, adequacy of loan loss reserves, trend of nonperforming loans (NPLs), and concentration risk (per classified account, per industry, clean exposure, large exposure, contingent exposure, currency, security, facility, demographic, etc.)

The Group follows the BOD-approved policy on the generic classification of loans based on the type of borrowers and the purpose of the loan. The loan portfolio is grouped based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward looking conditions.

4.2.1 Credit-Related Commitments

The exposures represent guarantees, standby letters of credit (LCs) issued by the Parent Company and documentary/commercial LCs which are written undertakings by the Parent Company. To mitigate this risk, the Parent Company requires hard collaterals for standby LCs lines while commercial LCs are collateralized by the underlying shipments of goods to which they relate.



4.2.2 Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

4.2.3 Collateral and Other Credit Enhancements

As a general rule, character is the single most important consideration in granting loans. However, collaterals are requested to mitigate risk. The loan value and type of collateral required depend on the assessment of the credit risk of the borrower or counterparty. The Group follows guidelines on the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For corporate accounts - deposit hold-outs, guarantees, securities, physical collaterals (e.g., real estate, chattels, inventory, etc.); generally, commercial, industrial and residential lots are preferred
- For retail lending - mortgages on residential properties and vehicles financed
- For securities lending and reverse repurchase transactions - cash or securities

The disposal of the foreclosed properties is handled by the Acquired Assets Management Group which adheres to the general policy of disposing assets at the highest possible market value.

Management regularly monitors the market value of the collateral and requests additional collateral in accordance with the underlying agreement. The existing market value of the collateral is considered during the review of the adequacy of the allowance for credit losses. Generally, collateral is not held over loans and advances to banks except for reverse repurchase agreements. The Group is not permitted to sell or repledge the collateral held over loans and advances to counterparty banks and BSP in the absence of default by the owner of the collateral.

4.2.4 Maximum Exposure to Credit Risk After Collateral Held or Other Credit Enhancements

An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements for the Group and the Parent Company is shown below:

	Consolidated 2022			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱64,523,863	₱64,334,349	₱189,514	₱64,334,349
Loans and receivables:				
Receivables from customers*:				
Corporates	516,315,998	289,977,781	425,412,218	90,903,780
Local government units (LGU)	2,770,555	—	2,770,555	—
Credit Cards	13,094,453	—	13,094,453	—
Retail small and medium enterprises (SME)	4,735,190	3,594,278	2,821,798	1,913,392
Housing Loans	24,241,178	37,042,606	7,118,628	17,122,550
Auto Loans	5,570,015	11,420,518	1,765,068	3,804,947
Others	11,392,943	4,991,456	8,436,551	2,956,392
Other receivables	14,979,583	—	14,979,583	—
	₱657,623,778	₱411,360,988	₱476,588,368	₱181,035,410

*Receivables from customers exclude residual value of the leased asset (Note 10).



	Consolidated			
	2021			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱15,796,673	₱15,800,317	₱—	₱15,796,673
Loans and receivables:				
Receivables from customers*:				
Corporates	527,718,995	247,961,955	429,891,939	97,827,056
Local government units (LGU)	4,241,018	—	4,241,018	—
Credit Cards	10,749,018	—	10,749,018	—
Retail SME	7,522,925	6,971,613	5,715,786	1,807,139
Housing Loans	27,484,803	7,263,711	25,913,056	1,571,747
Auto Loans	7,286,027	6,738,811	3,945,861	3,340,166
Others	7,887,441	7,710,970	6,631,679	1,255,762
Other receivables	13,338,658	—	13,338,658	—
	₱622,025,558	₱292,447,377	₱500,427,015	₱121,598,543

*Receivables from customers exclude residual value of the leased asset (Note 10).

	Parent Company			
	2022			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱64,523,863	₱64,334,349	₱189,514	₱64,334,349
Loans and receivables:				
Receivables from customers:				
Corporates	504,070,752	268,623,811	424,982,412	79,088,340
LGU	2,770,555	—	2,770,555	—
Credit Cards	13,094,453	—	13,094,453	—
Retail SME	3,936,250	2,483,707	2,672,892	1,263,358
Housing Loans	23,326,606	35,629,579	7,118,628	16,207,978
Auto Loans	5,570,015	11,420,518	1,765,068	3,804,947
Others	11,300,587	4,802,742	8,436,552	2,864,035
Other receivables	13,925,800	—	13,925,800	—
	₱642,518,881	₱387,294,706	₱474,955,874	₱167,563,007

	Parent Company			
	2021			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱15,796,673	₱15,800,317	₱—	₱15,796,673
Loans and receivables:				
Receivables from customers:				
Corporates	517,966,207	246,894,007	429,891,939	88,074,268
LGU	4,241,018	—	4,241,018	—
Credit Cards	10,749,018	—	10,749,018	—
Retail SME	5,750,965	3,714,598	5,715,786	35,179
Housing Loans	26,607,300	5,982,154	25,913,056	694,244
Auto Loans	7,286,027	6,738,811	3,945,861	3,340,166
Others	6,420,782	7,494,006	6,242,747	178,035
Other receivables	13,477,444	—	13,477,444	—
	₱608,295,434	₱286,623,893	₱500,176,869	₱108,118,565

The maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the statement of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others.



4.2.5 Credit Risk Concentrations

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics. The Group analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, geographic, internal rating buckets, currency, term and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and investment securities. To mitigate risk concentration, the Group constantly checks for breaches in regulatory and internal limits. Clear escalation process and override procedures are in place, whereby any excess in limits are covered by appropriate approving authority to regularize and monitor breaches in limits.

Limit per client or counterparty

For each CRR, the Parent Company sets limits per client or counterparty based on the regulatory Single Borrowers Limit. For trading and investment securities, the Group limits investments to government issues and securities issued by entities with high-quality investment ratings.

Geographic concentration

The table below shows the credit risk exposures, before taking into account any collateral held or other credit enhancements, categorized by geographic location:

Consolidated 2022				
	Loans and receivables*	Trading and investment securities	Other financial assets**	Total
Philippines	₱552,755,901	₱237,143,001	₱120,952,612	₱910,851,514
Asia (excluding the Philippines)	26,641,314	21,914,099	36,745,688	85,301,101
United Kingdom	2,096,234	6,708,736	22,039,442	30,844,412
USA and Canada	8,707,036	8,378,067	13,190,193	30,275,296
Other European Union Countries	2,079,196	–	8,654,970	10,734,166
Middle East	66,026	1,854,783	10,145	1,930,954
Oceania	523,802	–	2,788	526,590
	₱592,869,509	₱275,998,686	₱201,595,838	₱1,070,464,033

*Loans and receivables exclude residual value of the leased asset (Note 10)

** Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Consolidated 2021				
	Loans and receivables*	Trading and investment securities	Other financial assets**	Total
Philippines	₱556,478,910	₱200,906,568	₱176,809,453	₱934,194,931
Asia (excluding the Philippines)	29,779,159	43,636,805	39,214,150	112,630,114
USA and Canada	8,201,937	18,728,426	16,566,107	43,496,470
United Kingdom	1,820,209	5,318,234	2,476,726	9,615,169
Other European Union Countries	8,356,214	20,757	1,062,066	9,439,037
Middle East	924,033	–	144,953	1,068,986
Oceania	668,423	–	3,323	671,746
	₱606,228,885	₱268,610,790	₱236,276,778	₱1,111,116,453

*Loans and receivables exclude residual value of the leased asset. (Note 10)

** Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



Parent Company				
2022				
	Loans and receivables	Trading and investment securities	Other financial assets*	Total
Philippines	₱550,597,430	₱236,170,294	₱122,538,534	₱909,306,258
Asia (excluding the Philippines)	14,013,140	21,911,976	28,306,396	64,231,512
United Kingdom	2,091,414	6,554,432	21,273,903	29,919,749
USA and Canada	8,624,015	8,238,785	12,349,620	29,212,420
Other European Union Countries	2,079,196	—	7,132,780	9,211,976
Middle East	66,026	1,854,783	9,567	1,930,376
Oceania	523,797	—	—	523,797
	₱577,995,018	₱274,730,270	₱191,610,800	₱1,044,336,088

*Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Parent Company				
2021				
	Loans and receivables	Trading and investment securities	Other financial assets*	Total
Philippines	₱554,890,216	₱200,470,439	₱178,478,647	₱933,839,302
Asia (excluding the Philippines)	17,701,682	43,633,794	30,201,697	91,537,173
USA and Canada	8,139,898	18,600,477	14,972,087	41,712,462
United Kingdom	8,356,214	5,159,055	1,723,570	15,238,839
Other European Union Countries	1,818,298	20,757	1,033,728	2,872,783
Middle East	924,033	—	144,953	1,068,986
Oceania	668,420	—	—	668,420
	₱592,498,761	₱267,884,522	₱226,554,682	₱1,086,937,965

*Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Concentration by industry

The tables below show the industry sector analysis of financial assets at amounts before taking into account the fair value of the loan collateral held or other credit enhancements.

Consolidated				
2022				
	Loans and receivables*	Trading and investment securities	Other financial assets***	Total
Primary target industry:				
Financial intermediaries	₱119,769,773	₱19,521,101	₱73,230,975	₱212,521,849
Wholesale and retail	87,945,351	—	—	87,945,351
Electricity, gas and water	77,714,165	9,306,111	—	87,020,276
Manufacturing	59,847,311	166,728	—	60,014,039
Transport, storage and communication	40,563,305	—	50	40,563,355
Agriculture, hunting and forestry	5,192,944	—	—	5,192,944
Public administration and defense	1,626,592	—	—	1,626,592
Secondary target industry:				
Government	2,794,558	196,640,202	127,597,960	327,032,720
Real estate, renting and business activities	92,957,909	14,283,283	13,884	107,255,076
Construction	27,005,540	—	—	27,005,540
Others**	77,452,061	36,081,261	752,969	114,286,291
	₱592,869,509	₱275,998,686	₱201,595,838	₱1,070,464,033

*Loans and receivables exclude residual value of the leased asset (Note 10)

**Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

***Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



	Consolidated			Total
	2021			
	Loans and receivables*	Trading and investment securities	Other financial assets***	
Primary target industry:				
Financial intermediaries	₱126,158,573	₱43,483,287	₱53,561,402	₱223,203,262
Wholesale and retail	86,433,023	—	—	86,433,023
Electricity, gas and water	72,426,116	10,302,995	—	82,729,111
Transport, storage and communication	51,693,269	4,045	—	51,697,314
Manufacturing	46,914,627	129,678	—	47,044,305
Agriculture, hunting and forestry	8,271,048	—	—	8,271,048
Public administration and defense	6,409,301	—	—	6,409,301
Secondary target industry:				
Government	4,240,406	159,000,735	182,319,161	345,560,302
Real estate, renting and business activities	95,267,868	13,729,541	—	108,997,409
Construction	26,281,431	—	—	26,281,431
Others**	82,133,223	41,960,509	396,215	124,489,947
	₱606,228,885	₱268,610,790	₱236,276,778	₱1,111,116,453

*Loans and receivables exclude residual value of the leased asset (Note 10)

**Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

***Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

	Parent Company			
	2022			
	Loans and receivables	Trading and investment securities	Other financial assets**	Total
Primary target industry:				
Financial intermediaries	₱119,250,013	₱19,518,028	₱63,259,871	₱202,027,912
Wholesale and retail	82,372,415	—	—	82,372,415
Electricity, gas and water	77,715,031	9,306,111	—	87,021,142
Manufacturing	57,490,538	164,780	—	57,655,318
Transport, storage and communication	39,696,751	—	—	39,696,751
Agriculture, hunting and forestry	5,031,731	—	—	5,031,731
Public administration and defense	1,626,592	—	—	1,626,592
Secondary target industry:				
Government	2,770,555	196,519,177	127,597,960	326,887,692
Real estate, renting and business activities	89,266,907	13,141,082	—	102,407,989
Construction	26,938,899	—	—	26,938,899
Others*	75,835,586	36,081,092	752,969	112,669,647
	₱577,995,018	₱274,730,270	₱191,610,800	₱1,044,336,088

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).



	Parent Company			Total
	2021			
	Loans and receivables	Trading and investment securities	Other financial assets**	
Primary target industry:				
Financial intermediaries	₱126,812,309	₱43,479,276	₱43,973,406	₱214,264,991
Wholesale and retail	82,109,030	—	—	82,109,030
Electricity, gas and water	72,421,660	10,302,995	—	82,724,655
Transport, storage and communication	50,883,391	—	—	50,883,391
Manufacturing	43,338,986	129,678	—	43,468,664
Agriculture, hunting and forestry	8,079,223	—	—	8,079,223
Public administration and defense	6,409,301	—	—	6,409,301
Secondary target industry:				
Government	4,240,406	158,886,167	182,319,161	345,445,734
Real estate, renting and business activities	91,680,656	13,126,066	—	104,806,722
Construction	26,020,918	—	—	26,020,918
Others*	80,502,881	41,960,340	262,115	122,725,336
	₱592,498,761	₱267,884,522	₱226,554,682	₱1,086,937,965

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).

The internal limit of the Parent Company based on the Philippine Standard Industry Classification sub-industry is 12.00% for priority industry, 8.00% for regular industry, 30.00% for power industry and 25.00% for activities of holding companies versus total loan portfolio.

4.2.6 Credit Quality Per Class of Financial Assets

Loans and receivables

The segmentation of the Group's loan portfolio is based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.

Generally, the Group's exposures can be categorized as either of the following:

- Non-Retail Portfolio – consists of debt obligations of sovereigns, financial institutions, corporations, partnerships, or proprietorships. In particular, the Group's Non-Retail Portfolio segments are as follows: Sovereigns, Financial Institutions, Specialized Lending (e.g., Project Finance), Large Corporates, Middle Market and Commercial SME, government-owned and controlled corporations and LGUs.
- Retail Portfolio – consists of exposures to individual person/s or to a small business, and are not usually managed on an individual basis but as groups of exposures with similar credit risk characteristics. This includes Credit Cards, Consumer Loans and Retail SME, among others.

The credit quality of the Non-Retail Portfolio is evaluated and monitored using external ratings and internal credit risk rating system. The Parent Company maintains a two-dimensional risk rating structure: that is, there is a borrower risk rating (BRR) and a facility risk rating (FRR).

The Group developed specific borrower rating models to capture specific and unique risk characteristics of each of the Non-Retail Portfolio segments. The BRR is measured based on financial condition of the borrower combined with an assessment of non-financial factors such as management, industry outlook and market competition. The BRR models captures overlays and early warning signals as well. The Group uses a single scale with 26 risk grades for all its BRR models. The 26-risk grade internal default masterscale is a representation of a common measure of relative



default risk associated with the obligors/counterparties. The internal default masterscale is mapped to a global rating scale.

FRR, on the other hand, assesses potential loss of the Group in case of default, which considers collateral type and level of collateralization of the facility. The FRR has 9 grades, i.e. FRR A to FRR I.

The CRR or final credit risk rating shall be expressed in alphanumeric terms, e.g. CRR 1A which is a combination of the general creditworthiness of the borrower (BRR 1) and the potential loss of the Group in the event of the borrower's default (FRR A).

The credit quality and corresponding BRRs of the Group's receivables from customers are defined below:

Credit quality	26-Grade BRR system
High S&P Equivalent Global Rating: AAA to BBB-	<p><i>BRR 1 Excellent</i> Borrower has an exceptionally strong capacity to meet its financial commitments. No existing disruptions or future disruptions are highly unlikely. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 2 Very Strong</i> Borrower has a very strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. It differs from BRR 1 borrowers only to a small degree. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 3 Strong</i> Borrower has a strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. However, adverse economic conditions or changing circumstances could lead to somewhat lesser capacity to meet financial obligations than in higher-rated borrowers. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 4-6 Good</i> Borrower has an adequate capacity to meet its financial commitments in the normal course of its business. With identified disruptions from external factors but company has or will likely overcome. Default possibility is minimal/low.</p> <p><i>BRR 7-9 Satisfactory</i> Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 4 to BRR 6 with slightly lesser quality. Default possibility is minimal/low.</p> <p><i>BRR 10-12 Adequate</i> Borrower has an adequate capacity to meet its financial commitments under the normal course of business. However, adverse economic conditions and changing circumstances are more likely to weaken the borrower's capacity to meet its financial commitments. Default possibility is minimal/low.</p>
Standard S&P Equivalent Global Rating: BB+ to BB-	<p><i>BRR 13-15 Average</i> Borrower still has the capacity to meet its financial commitments and withstand normal business cycles, however, any prolonged unfavorable economic and/or market conditions would create an immediate deterioration beyond acceptable levels. With identified disruptions from external forces, impact on the borrower is uncertain. Default is a possibility.</p> <p><i>BRR 16-18 Acceptable</i> Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 13 to BRR 15 with slightly lesser quality. Default is a possibility.</p> <p><i>BRR 19-20 Vulnerable</i> Borrower is less vulnerable in the near term than other low-rated borrowers. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the borrower's inadequate capacity to meet its financial commitment. Default is a possibility</p>



Credit quality	26-Grade BRR system
Substandard S&P Equivalent Global Rating: B+ to CCC-	<p><i>BRR 21-22 Weak</i> Borrower is more vulnerable than the borrowers rated BRR 19 and BRR 20 but the borrower currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitments. Default is more than a possibility.</p> <p><i>BRR 23-25 Watchlist</i> Borrower is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Borrower may already be experiencing losses and impaired capital in the case of BRR 25.</p>
Impaired S&P Equivalent Global Rating: D	<p><i>BRR 26 Default</i> Default will be a general default. Borrower will fail to pay all or substantially all of its obligations as they come due.</p>

For the Retail Portfolio, such as Retail SME, Credit Cards, Housing and Auto Loans, credit scoring is being used in evaluating the creditworthiness of the borrower.

The table below shows the credit quality of the Group's and the Parent Company's receivables from customers, gross of allowance for credit losses and unearned and other deferred income, but net of residual values of leased assets, as of December 31, 2022 and 2021:

	Consolidated			
	2022			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱210,563,413	₱–	₱–	₱210,563,413
Standard	198,909,684	30,731,562	–	229,641,246
Substandard	29,953,399	31,163,671	–	61,117,070
Impaired	–	–	26,950,431	26,950,431
	439,426,496	61,895,233	26,950,431	528,272,160
Subject to Scoring and Unrated				
Non-Retail	2,849,194	11,760,556	1,183,962	15,793,712
Corporate	95,980	11,723,793	1,118,268	12,938,041
LGU	2,753,214	36,763	65,694	2,855,671
Retail	41,072,586	1,411,135	13,920,882	56,404,603
Auto Loans	4,955,770	102,179	1,970,279	7,028,228
Housing Loans	18,930,297	643,627	9,015,408	28,589,332
Retail SME	4,029,128	349,415	2,025,819	6,404,362
Credit Card	13,157,391	315,914	909,376	14,382,681
Others	9,376,862	1,546,960	1,987,431	12,911,253
	53,298,642	14,718,651	17,092,275	85,109,568
	₱492,725,138	₱76,613,884	₱44,042,706	₱613,381,728

	Consolidated			
	2021			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱213,838,798	₱–	₱–	₱213,838,798
Standard	212,873,427	3,844,270	–	216,717,697
Substandard	40,871,799	21,006,283	–	61,878,082
Impaired	–	–	53,190,550	53,190,550
	467,584,024	24,850,553	53,190,550	545,625,127

(Forward)



	Consolidated			
	2021			
	Stage 1	Stage 2	Stage 3	Total
Subject to Scoring and Unrated				
Non-Retail	₱10,135,795	₱157,989	₱2,366,325	₱12,660,109
Corporate	5,919,463	109,747	2,298,527	8,327,737
LGU	4,216,332	48,242	67,798	4,332,372
Retail	42,972,853	1,081,229	18,382,820	62,436,902
Auto Loans	5,942,501	162,915	2,733,492	8,838,908
Housing Loans	20,002,043	486,743	10,428,593	30,917,379
Retail SME	6,559,372	162,158	2,802,140	9,523,670
Credit Card	10,468,937	269,413	2,418,595	13,156,945
Others	7,520,493	377,111	1,197,669	9,095,273
	60,629,141	1,616,329	21,946,814	84,192,284
	₱528,213,165	₱26,466,882	₱75,137,364	₱629,817,411

	Parent Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱208,384,303	₱—	₱—	₱208,384,303
Standard	189,504,524	30,731,541	—	220,236,065
Substandard	29,953,399	31,143,373	—	61,096,772
Impaired	—	—	27,951,509	27,951,509
	427,842,226	61,874,914	27,951,509	517,668,649
Subject to Scoring and Unrated				
Non-Retail	2,759,254	11,758,770	1,099,592	15,617,616
Corporate	6,040	11,722,007	1,033,898	12,761,945
LGU	2,753,214	36,763	65,694	2,855,671
Retail	39,685,909	1,376,404	12,960,913	54,023,226
Auto Loans	4,955,770	102,179	1,970,279	7,028,228
Housing Loans	18,020,708	640,238	9,002,446	27,663,392
Retail SME	3,552,040	318,073	1,078,812	4,948,925
Credit Card	13,157,391	315,914	909,376	14,382,681
Others	9,284,464	1,546,960	1,987,432	12,818,856
	51,729,627	14,682,134	16,047,937	82,459,698
	₱479,571,853	₱76,557,048	₱43,999,446	₱600,128,347

	Parent Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱212,114,805	₱—	₱—	₱212,114,805
Standard	206,430,322	3,776,903	—	210,207,225
Substandard	40,763,415	20,989,666	—	61,753,081
Impaired	—	—	52,982,964	52,982,964
	459,308,542	24,766,569	52,982,964	537,058,075
Subject to Scoring and Unrated				
Non-Retail	10,135,795	157,989	2,366,325	12,660,109
Corporate	5,919,463	109,747	2,298,527	8,327,737
LGU	4,216,332	48,242	67,798	4,332,372
Retail	40,728,876	972,564	16,728,621	58,430,061
Auto Loans	5,942,501	162,915	2,733,492	8,838,908
Housing Loans	19,117,763	486,743	10,417,573	30,022,079
Retail SME	5,199,675	53,493	1,158,961	6,412,129
Credit Card	10,468,937	269,413	2,418,595	13,156,945
Others	6,067,892	374,035	1,173,741	7,615,668
	56,932,563	1,504,588	20,268,687	78,705,838
	₱516,241,105	₱26,271,157	₱73,251,651	₱615,763,913



The analysis of past due status of receivables from customers that are subject to scoring and unrated follows:

Consolidated					
2022					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱297,214	₱599,308	₱595,871	₱8,202,270	₱9,694,663
Auto Loans	60,850	74,690	65,801	1,869,429	2,070,770
Retail SME	61,162	21,090	47,949	1,814,702	1,944,903
Credit Card	1,455	102,596	233,163	630,629	967,843
LGU	7,650	—	—	58,044	65,694
Others	719,429	108,294	49,980	1,254,343	2,132,046
Total	₱1,147,760	₱905,978	₱992,764	₱13,829,417	₱16,875,919

Consolidated					
2021					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱463,159	₱365,760	₱798,478	₱9,453,732	₱11,081,129
Auto Loans	106,552	111,726	179,743	2,499,658	2,897,679
Retail SME	292,832	147,427	72,810	965,495	1,478,564
Credit Card	2,338	76,839	263,944	2,092,666	2,435,787
LGU	—	—	—	24,916	24,916
Others	247,220	107,395	111,504	1,542,905	2,009,024
Total	₱1,112,101	₱809,147	₱1,426,479	₱16,579,372	₱19,927,099

Parent Company					
2022					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱296,922	₱594,491	₱566,398	₱8,176,282	₱9,634,093
Auto Loans	60,850	74,690	65,801	1,869,429	2,070,770
Retail SME	61,162	15,774	37,869	968,460	1,083,265
Credit Card	1,455	102,596	233,163	630,629	967,843
LGU	7,650	—	—	58,044	65,694
Others	712,413	107,503	38,672	1,163,289	2,021,877
Total	₱1,140,452	₱895,054	₱941,903	₱12,866,133	₱15,843,542

Parent Company					
2021					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱352,533	₱361,041	₱794,227	₱9,403,925	₱10,911,726
Auto Loans	106,552	111,726	179,743	2,499,658	2,897,679
Retail SME	197,544	133,337	70,980	797,201	1,199,062
Credit Card	2,338	76,839	263,944	2,092,666	2,435,787
LGU	—	—	—	24,916	24,916
Others	231,381	103,750	98,761	1,542,905	1,976,797
Total	₱890,348	₱786,693	₱1,407,655	₱16,361,271	₱19,445,967

Trading and investment securities and other financial assets

In ensuring quality investment portfolio, the Group uses the credit risk rating based on the external ratings of eligible external credit rating institutions (i.e. Moody's Investors Service) as follows:

- Aaa to Aa3 - fixed income are judged to be of high quality and are subject to very low credit risk, but their susceptibility to long-term risks appears somewhat greater.



- A1 to A3 - fixed income obligations are considered upper-medium grade and are subject to low credit risk, but have elements present that suggest a susceptibility to impairment over the long term.
- Baa1 and below - represents those investments which fall under any of the following grade:
 - Baa1, Baa2, Baa3 - fixed income obligations are subject to moderate credit risk. They are considered medium grade and as such protective elements may be lacking or may be characteristically unreliable.
 - Ba1, Ba2, Ba3 - obligations are judged to have speculative elements and are subject to substantial credit risk.
 - B1, B2, B3 - obligations are considered speculative and are subject to high credit risk.
 - Caa1, Caa2, Caa3 - are judged to be of poor standing and are subject to very high credit risk.
 - Ca - are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
 - C - are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Below are the financial assets of the Group and the Parent Company, gross of allowance for credit losses, excluding receivables from customers, which are monitored using external ratings.

Consolidated 2022						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P=	P=	P=	P=	P=	P=
Due from other banks	3,256,692	18,388,027	3,259,226	24,903,945	1,116,136	26,020,081
Interbank loans receivables	1,570,626	2,684,871	—	4,255,497	12,035,973	16,291,470
Securities held under agreements to resell	—	21,206,949	17,234,682	38,441,631	26,084,420	64,526,051
Financial assets at FVOCI						
Government securities	3,309,749	553,668	114,076,366	117,939,783	—	117,939,783
Private debt securities	590,542	251,592	159,681	1,001,815	14,429,055	15,430,870
Quoted equity securities	—	—	58,170	58,170	734,046	792,216
Unquoted equity securities	—	—	388,884	388,884	23,631,772	24,020,656
Investment securities at amortized cost						
Government securities	145,147	7,950,608	69,892,792	77,988,547	208,886	78,197,433
Private debt securities	—	8,876,965	1,158,512	10,035,477	26,082,900	36,118,377
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	19,188,611	19,188,611

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

Consolidated 2021						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P=	P=	P=	P=	P=	P=
Due from other banks	3,266,569	17,609,563	4,274,418	25,150,550	2,082,125	27,232,675
Interbank loans receivables	1,839,737	24,081,833	1,223,976	27,145,546	4,967,121	32,112,667
Securities held under agreements to resell	—	—	—	—	15,800,317	15,800,317
Financial assets at FVOCI						
Government securities	6,881,673	2,789,153	110,623,588	120,294,414	159,179	120,453,593
Private debt securities	577,330	—	590,387	1,167,717	21,947,762	23,115,479
Quoted equity securities	—	—	48,170	48,170	621,415	669,585
Unquoted equity securities	—	—	406,151	406,151	23,342,482	23,748,633
Investment securities at amortized cost						
Government securities	127,949	200,705	33,747,889	34,076,543	56,751	34,133,294
Private debt securities	670,407	26,131,022	2,804,403	29,605,832	29,538,883	59,144,715
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	16,870,479	16,870,479

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).



Parent Company						
2022						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P=	P=	P=	P=	₱94,701,360	₱94,701,360
Due from other banks	961,707	15,816,731	154,079	16,932,517	676,730	17,609,247
Interbank loans receivables	—	2,684,871	0	2,684,871	12,051,241	14,736,112
Securities held under agreements to resell	—	21,206,949	17,234,682	38,441,631	26,084,420	64,526,051
Financial assets at FVOCI						
Government securities	2,938,253	553,668	114,168,823	117,660,744	—	117,660,744
Private debt securities	590,542	68	159,681	750,291	14,429,054	15,179,345
Quoted equity securities	—	—	—	—	734,046	734,046
Unquoted equity securities	—	—	—	—	23,631,772	23,631,772
Investment securities at amortized cost						
Government securities	5,865	7,950,608	69,892,792	77,849,265	208,886	78,058,151
Private securities	—	8,876,965	1,158,512	10,035,477	26,082,900	36,118,377
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	17,925,091	17,925,091

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

Parent Company						
2021						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P=	P=	P=	P=	₱161,001,912	₱161,001,912
Due from other banks	895,156	16,724,931	130,917	17,751,004	1,582,869	19,333,873
Interbank loans receivables	—	24,081,833	1,223,976	25,305,809	4,996,525	30,302,334
Securities held under agreements to resell	—	—	—	—	15,800,317	15,800,317
Financial assets at FVOCI						
Government securities	6,881,673	2,789,153	110,796,148	120,466,974	—	120,466,974
Private debt securities	577,330	—	590,387	1,167,717	21,947,762	23,115,479
Quoted equity securities	—	—	—	—	621,415	621,415
Unquoted equity securities	—	—	—	—	23,342,482	23,342,482
Investment securities at amortized cost						
Government securities	—	200,705	33,747,889	33,948,594	56,751	34,005,345
Private securities	670,407	26,131,022	2,804,403	29,605,832	29,538,883	59,144,715
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	16,817,233	16,817,233

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

4.3 Liquidity Risk and Funding Management

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Group's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Parent Company seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed substantially of deposits in primary and secondary reserves, and the securing of money market lines and the maintenance of repurchase facilities to address any unexpected liquidity situations.

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the maximum cumulative outflow (MCO) report, as well as an analysis of available liquid assets. The MCO focuses on a 12-month period wherein the 12-month cumulative outflow is compared to the acceptable MCO limit set by the BOD. Furthermore, an internal liquidity ratio has been set to determine sufficiency of liquid assets over deposit liabilities.



Liquidity is monitored by the Parent Company on a daily basis through the Global Markets Group. Likewise, the RMG monitors the static liquidity via the MCO under normal and stressed scenarios.

The table below shows the liquidity information of financial assets and financial liabilities which includes coupon cash flows categorized based on the expected date on which the asset will be realized and the liability will be settled. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.

	Consolidated					Total
	2022					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets						
COCI	₱22,217,915	₱–	₱–	₱–	₱–	₱22,217,915
Due from BSP and other banks	125,113,662	–	–	–	–	125,113,662
Interbank loans receivable	8,876,452	1,313,106	2,441,537	4,108,738	–	16,739,833
Securities held under agreements to resell	60,878,039	3,784,201	–	–	–	64,662,240
Financial assets at FVTPL:						
Government securities	199,530	1,080,139	296,110	1,053,949	6,650,083	9,279,811
Private debt securities	12,016	20,983	18,250	51,248	3,224,192	3,326,689
Equity securities	2,898	–	–	–	–	2,898
Derivative assets:						
Gross contractual receivable	40,036,455	7,664,954	10,332,430	3,259,807	15,337	61,308,983
Gross contractual payable	(39,050,764)	(7,542,887)	(10,098,003)	(3,240,344)	–	(59,931,998)
Financial assets at FVOCI:						
Government securities	87,743,403	3,614,649	9,339,616	9,486,786	141,544,530	251,728,984
Private debt securities	3,417,893	1,165,367	283,912	2,883,129	42,342,083	50,092,384
Equity securities	1,614,229	–	–	–	23,198,643	24,812,872
Investment securities at amortized cost						
Government securities	6,043,708	10,034,076	6,717,704	2,835,413	149,213,141	174,844,042
Private debt securities	1,243,241	6,416,993	11,655,875	10,450,844	37,189,899	66,956,852
Financial assets at amortized cost:						
Receivables from customers	95,928,952	75,907,926	32,255,624	14,027,383	528,529,464	746,649,349
Other receivables	7,226,808	903,926	1,587,116	786,924	8,683,837	19,188,611
Other assets	50,539	–	–	792	19,000	70,331
Total financial assets	₱421,554,976	₱104,363,433	₱64,830,171	₱45,704,669	₱940,610,209	₱1,577,063,458
Financial Liabilities						
Deposit liabilities:						
Demand	₱222,499,667	₱–	₱–	₱–	₱–	₱222,499,667
Savings *	359,730,732	–	–	–	–	359,730,732
Time and LTNCDs *	138,445,541	96,585,595	26,246,991	16,416,245	21,787,715	299,482,087
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	27,156,350	38,707,232	17,167,707	557,813	–	83,589,102
Gross contractual receivable	(26,737,134)	(38,304,103)	(16,951,759)	(556,330)	–	(82,549,326)
Bills and acceptances payable	8,334,542	3,571,275	30,000	43,936	3,145,035	15,124,788
Bonds payable	–	–	17,771,674	685,787	42,883,029	61,340,490
Accrued interest payable and accrued other expenses payable	2,996,291	146,218	167,140	59,077	480,280	3,849,006
Other liabilities	6,529,727	481,672	443,923	982,544	1,784,517	10,222,383
Total financial liabilities	₱738,955,716	₱101,187,889	₱44,875,676	₱18,189,072	₱70,080,576	₱973,288,929

* High-yield savings accounts are included under time deposits

	Consolidated					Total
	2021					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets						
COCI	₱27,552,773	₱–	₱–	₱–	₱–	₱27,552,773
Due from BSP and other banks	198,068,292	–	–	–	–	198,068,292
Interbank loans receivable	19,805,605	10,715,908	1,067,495	568,146	–	32,157,154
Securities held under agreements to resell	15,802,951	–	–	–	–	15,802,951
Financial assets at FVTPL:						
Government securities	57,054	18,448	34,500	11,385,854	4,781,166	16,277,022
Private debt securities	12,277	18,030	188,283	55,245	4,094,719	4,368,554
Equity securities	5,045	–	–	–	–	5,045
(Forward)						



Consolidated						
2021						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Derivative assets:						
Gross contractual receivable	₱61,532,251	₱14,897,286	₱7,910,369	₱4,589,910	₱13,210	₱88,943,026
Gross contractual payable	(60,680,112)	(14,704,947)	(7,645,129)	(4,534,606)	–	(87,564,794)
Financial assets at FVOCI:						
Government securities	78,745,484	4,636,909	3,109,299	1,613,622	148,755,225	236,860,539
Private debt securities	3,444,954	1,412,324	8,989,090	854,325	45,106,745	59,807,438
Equity securities	–	7,542	8,062	23,005,580	1,749,225	24,770,409
Investment securities at amortized cost						
Government securities	6,361,591	214,959	6,969,499	6,158,380	54,935,808	74,640,237
Private debt securities	5,269,632	2,317,994	25,944,968	33,115,292	61,667,118	128,315,004
Financial assets at amortized cost:						
Receivables from customers	90,898,111	79,057,653	45,428,175	19,183,146	528,783,731	763,350,816
Other receivables	5,775,560	193,692	749,201	163,276	9,785,849	16,667,578
Other assets	135,528	–	–	796	13,698	150,022
Total financial assets	₱452,786,996	₱98,785,798	₱92,753,812	₱96,158,966	₱859,686,494	₱1,600,172,066
Financial Liabilities						
Deposit liabilities:						
Demand	₱219,090,952	₱–	₱–	₱–	₱–	₱219,090,952
Savings *	332,014,541	–	–	–	–	332,014,541
Time and LTNCDs *	184,257,674	98,415,142	19,409,706	22,530,166	30,400,359	355,013,047
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	20,905,000	30,667,331	17,594,662	254,995	–	69,421,988
Gross contractual receivable	(20,620,440)	(30,260,033)	(17,395,227)	(254,871)	–	(68,530,571)
Bills and acceptances payable	35,960,884	12,411,424	1,155,713	2,419,107	1,038,240	52,985,368
Bonds payable	–	–	952,406	952,406	55,263,239	57,168,051
Accrued interest payable and accrued other expenses payable	1,380,858	419,761	439,484	74,873	421,666	2,736,642
Other liabilities	6,022,785	1,091,687	276,512	313,888	2,388,506	10,093,378
Total financial liabilities	₱779,012,254	₱112,745,312	₱22,433,256	₱26,290,564	₱89,512,010	₱1,029,993,396

* High-yield savings accounts are included under time deposits

Parent Company						
2022						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱22,103,095	₱–	₱–	₱–	₱–	₱22,103,095
Due from BSP and other banks	111,505,536	–	–	–	–	111,505,536
Interbank loans receivable	8,343,252	515,186	2,202,032	4,108,738	–	15,169,208
Securities held under agreements to resell	60,878,039	3,784,201	–	–	–	64,662,240
Financial assets at FVTPL:						
Government securities	199,530	1,080,139	296,110	1,053,949	6,650,083	9,279,811
Private debt securities	12,015	19,521	16,338	47,874	3,066,295	3,162,043
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	40,036,392	7,664,843	10,330,480	3,259,807	15,337	61,306,859
Gross contractual payable	(39,050,764)	(7,542,887)	(10,098,003)	(3,240,344)	–	(59,931,998)
Financial assets at FVOCI:						
Government securities	87,589,100	3,614,649	9,331,816	9,478,986	141,160,507	251,175,058
Private debt securities	3,417,893	1,161,551	279,351	805,777	42,009,216	47,673,788
Equity securities	1,167,175	–	–	–	23,198,643	24,365,818
Investment securities at amortized cost:						
Government securities	6,043,708	10,034,076	6,717,704	2,834,979	149,073,174	174,703,641
Private debt securities	1,243,240	6,416,993	11,655,875	10,450,844	37,189,899	66,956,851
Financial assets at amortized cost:						
Receivables from customers	91,699,945	72,873,522	30,410,181	12,306,340	524,244,914	731,534,902
Other receivables	6,061,538	884,433	1,524,007	780,377	8,674,736	17,925,091
Other assets	49,981	–	–	–	1,479	51,460
Total financial assets	₱401,299,675	₱100,506,227	₱62,665,891	₱41,887,327	₱935,284,283	₱1,541,643,403
Financial Liabilities						
Deposit liabilities:						
Demand	₱221,728,550	₱–	₱–	₱–	₱–	₱221,728,550
Savings *	358,566,639	–	–	–	–	358,566,639
Time and LTNCDs *	136,408,742	94,156,313	23,621,363	16,100,141	21,651,079	291,937,638

(Forward)



Parent Company						
2022						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	₱27,156,350	₱38,707,232	₱17,167,707	₱557,813	₱–	₱83,589,102
Gross contractual payable	(26,737,134)	(38,304,103)	(16,951,759)	(556,312)	–	(82,549,308)
Bills and acceptances payable	7,298,446	3,565,575	23,537	43,936	3,100,957	14,032,451
Bonds payable	–	–	17,771,674	685,787	42,883,029	61,340,490
Accrued interest payable and accrued other expenses payable	3,017,246	136,048	161,180	1,283	478,314	3,794,071
Other liabilities	6,054,793	462,927	192,156	956,649	1,753,787	9,420,312
Total financial liabilities	₱733,493,632	₱98,723,992	₱41,985,858	₱17,789,297	₱69,867,166	₱961,859,945

* High-yield savings accounts are included under time deposits

Parent Company						
2021						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱27,454,459	₱–	₱–	₱–	₱–	₱27,454,459
Due from BSP and other banks	185,028,359	–	–	–	–	185,028,359
Interbank loans receivable	18,525,861	10,555,921	667,490	568,146	–	30,317,418
Securities held under agreements to resell	15,802,951	–	–	–	–	15,802,951
Financial assets at FVTPL:						
Government securities	57,054	18,448	34,500	11,385,854	4,781,166	16,277,022
Private debt securities	186	16,568	174,279	27,688	2,415,238	2,633,959
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	61,530,679	14,896,451	7,909,765	4,589,910	13,210	88,940,015
Gross contractual payable	(60,680,112)	(14,704,947)	(7,645,129)	(4,534,606)	–	(87,564,794)
Financial assets at FVOCI:						
Government securities	78,586,305	4,636,909	3,109,299	1,613,622	148,755,225	236,701,360
Private debt securities	3,444,953	1,412,324	8,989,090	854,325	45,106,745	59,807,437
Equity securities	–	–	–	22,989,975	1,283,856	24,273,831
Investment securities at amortized cost:						
Government securities	6,361,583	214,935	6,969,499	6,040,436	54,925,559	74,512,012
Private debt securities	5,269,632	2,317,994	25,944,968	33,115,292	61,667,118	128,315,004
Financial assets at amortized cost:						
Receivables from customers	85,985,911	76,497,759	43,568,177	17,225,437	523,447,491	746,724,775
Other receivables	5,992,211	176,561	744,595	110,020	9,764,687	16,788,074
Other assets	134,840	–	–	–	1,502	136,342
Total financial assets	₱433,494,872	₱96,038,923	₱90,466,533	₱93,986,099	₱852,161,797	₱1,566,148,224

Financial Liabilities						
Deposit liabilities:						
Demand	₱218,277,561	₱–	₱–	₱–	₱–	₱218,277,561
Savings *	330,484,688	–	–	–	–	330,484,688
Time and LTNCDS *	191,793,693	96,312,545	16,617,361	22,101,239	30,269,130	357,093,968
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	20,904,918	30,667,331	17,594,655	254,995	–	69,421,899
Gross contractual payable	(20,620,440)	(30,260,033)	(17,395,227)	(254,853)	–	(68,530,553)
Bills and acceptances payable	35,960,884	12,204,336	741,537	1,590,756	647,075	51,144,588
Bonds payable	–	–	952,406	952,406	55,263,239	57,168,051
Accrued interest payable and accrued other expenses payable	1,355,922	417,706	436,059	60,189	419,695	2,689,571
Other liabilities	5,422,424	987,104	236,490	233,850	2,029,972	8,909,840
Total financial liabilities	₱783,579,650	₱110,328,989	₱19,183,281	₱24,938,582	₱88,629,111	₱1,026,659,613

* High-yield savings accounts are included under time deposits



4.3.1 BSP Reporting for Liquidity Positions and Leverage

To promote short-term resilience of banks' liquidity risk profile, BSP requires banks and other regulated entities to maintain:

- over a 30-calendar day horizon, an adequate level of unencumbered high-quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash to offset the net cash outflows they could encounter under a liquidity stress scenario; and
- a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

To monitor the liquidity levels, the Group computes for its Liquidity Coverage Ratio (LCR), which is the ratio of HQLA to the total net cash outflows. As of December 31, 2022 and 2021, LCR reported to the BSP with certain adjustments is shown in the table below:

	Consolidated		Parent Company	
	2022	2021	2022	2021
LCR	246.25%	188.31%	240.35%	177.54%

The Group also computes for its Net Stable Funding Ratio (NSFR), which is the ratio of the available stable funding to the required stable funding. Both LCR and NSFR should be maintained no lower than 100.00% on a daily basis under normal situations. As of December 31, 2022 and 2021, NSFR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Available stable funding	₱852,706	₱867,468	₱843,395	₱862,121
Required stable funding	621,402	630,819	621,765	639,013
NSFR	137.22%	137.51%	135.65%	134.91%

4.4 Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in an institutions' overall portfolio. Market risk arises from market making, dealing, and position taking in interest rate, foreign exchange and equity markets. The succeeding sections provide discussion on the impact of market risk on the Parent Company's trading and structural portfolios.

4.4.1 Trading Market Risk

Trading market risk exists in the Parent Company as the values of its trading positions are sensitive to changes in market rates such as interest rates, foreign exchange rates and equity prices. The Parent Company is exposed to trading market risk in the course of market making as well as from taking advantage of market opportunities. For internal monitoring of the risks in the trading portfolio, the Parent Company uses the Value at Risk (VaR) as a primary risk measurement tool. It adopts both the Parametric VaR methodology and Historical Simulation Methodology (with 99.00% confidence level) to measure the Parent Company's trading market risk. Both the Parametric models and Historical Simulation models were validated by an external independent validator. Volatilities used in the parametric are updated on a daily basis and are based on historical data for a rolling 400-day period while yields and prices in the historical VaR approach are also updated daily. The RMG reports the VaR utilization and breaches to limits to the risk taking personnel on a daily basis and to



the ALCO and ROC on a monthly basis. All risk reports discussed in the ROC meeting are noted by the BOD. The VaR figures are back tested to validate the robustness of the VaR model. Results of backtesting on a rolling one year period are reported also to the ROC.

The VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The use of VaR has limitations because it is based on historical volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market movements may be under-estimated if changes in risk factors fail to align with the normal distribution assumption. VaR may also be under- or over- estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

VaR estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence at 99.00%. The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every one hundred days.

The validity of the assumptions underlying the Parent Company's VaR models can only be checked by appropriate backtesting procedures. Backtesting is a formal statistical framework that consists of verifying that actual losses are within the projected VaR approximations. The Parent Company adopts both the clean backtesting and dirty backtesting approaches approach in backtesting. Clean backtesting, consists of comparing the VaR estimates with some hypothetical profit or loss (P&L) values of the portfolio, having kept its composition unchanged. In this case, the same portfolio is repriced or marked-to-market at the end of the time interval and the hypothetical P&L is then compared with the VaR. The other method, called dirty backtesting, consists of comparing the VaR estimates with the actual P&L values at the end of the time horizon. This method, however, may pose a problem if the portfolio has changed drastically because of trading activities between the beginning and the end of the time horizon since VaR models assume that the portfolio is "frozen" over the horizon. The Parent Company uses the regulatory 3-zone (green, yellow and red) boundaries in evaluating the backtesting results.

For the years 2022 and 2021, the number of observations which fell outside the VaR is within the allowable number of exceptions in the green and yellow zones to conclude that there is no problem with the quality and accuracy of the VaR models at 99.00% confidence level. Nonetheless, closer monitoring and regular review of the model's parameters and assumptions are being conducted.

To complement the VaR approximations, the Parent Company conducts stress testing on a quarterly basis, the results of which are being reported to the BOD. Scenarios used in the conduct of stress test are event driven and represent the worst one-off event of a specific risk factor. Results of stress testing are analyzed in terms of the impact to earnings and capital.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established annually for all financial trading activities and exposures. Calculated VaR compared against the VaR limits are monitored. Limits are based on the tolerable risk appetite of the Parent Company. VaR is computed on an undiversified basis; hence, the Parent Company does not consider the correlation effects of the three trading portfolios.



The tables below show the trading VaR (in millions):

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2022	₱1.98	₱130.50	₱0.00	₱132.48
Average Daily	6.77	161.09	0.00	167.09
Highest	25.45	889.57	0.00	895.51
Lowest	0.87	118.10	0.00	131.61

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2021	₱3.67	₱87.21	₱42.28	₱133.17
Average Daily	6.93	401.78	39.50	448.21
Highest	24.90	670.75	48.48	701.79
Lowest	0.88	87.21	23.49	133.17

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

4.4.2 Non-Trading Market Risk

Interest rate risk

The Group seeks to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. Interest margins may increase as a result of such changes but may be reduced or may create losses in the event that unexpected movements arise.

Repricing mismatches will expose the Group to interest rate risk. The Group measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of a “repricing gap” analysis using the repricing characteristics of its financial instrument positions tempered with approved assumptions. To evaluate earnings exposure, interest rate sensitive liabilities in each time band are subtracted from the corresponding interest rate assets to produce a “repricing gap” for that time band. The difference in the amount of assets and liabilities maturing or being repriced over a one year period would then give the Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income. A negative gap occurs when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Vice versa, positive gap occurs when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

During a period of rising interest rates, a company with a positive gap is better positioned because the company’s assets are refinanced at increasingly higher interest rates increasing the net interest margin of the company over time. During a period of falling interest rates, a company with a positive gap would show assets repricing at a faster rate than one with a negative gap, which may restrain the growth of its net income or result in a decline in net interest income.

For risk management purposes, the loan accounts are assessed based on next repricing date, thus as an example, if a loan account is scheduled to reprice three years from year-end report date, slotting of the account will be based on the date of interest repricing. Deposits with no specific maturity dates are excluded in the one-year repricing gap except for the portion of volatile regular savings deposits which are assumed to be withdrawn during the one year period and assumed to be replaced by a higher deposit rate.



The Group uses the Earnings at Risk (EaR) methodology to measure the likely interest margin compression in case of adverse change in interest rates given the Group repricing gap. The repricing gap covering the one-year period is multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement. The Group BOD sets a limit on the level of EaR exposure tolerable to the Group. EaR exposure and compliance to the EaR limit is monitored monthly by the RMG and subject to a quarterly stress test.

The following table sets forth the repricing gap position of the Group and the Parent Company:

	Consolidated					
	2022					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱57,044,759	₱12,537,877	₱3,792,192	₱7,078,521	₱40,258,194	₱120,711,543
Interbank loans receivable and securities held under agreements to resell	69,845,933	4,825,901	2,118,690	4,023,440	—	80,813,964
Receivables from customers and other receivables - gross**	38,027,100	45,572,755	34,155,255	35,259,733	188,411,533	341,426,376
Total financial assets	₱164,917,792	₱62,936,533	₱40,066,137	₱46,361,694	₱228,669,727	₱542,951,883
Financial Liabilities*						
Deposit liabilities:						
Savings	₱114,430,938	₱82,873,557	₱27,876,786	₱50,253,238	₱244,506,016	₱519,940,535
Time***	57,117,230	30,218,746	11,043,959	9,460,545	4,272,828	112,113,308
Bonds payable	—	—	16,696,885	—	41,742,212	58,439,097
Bills and acceptances payable	9,382,521	3,640,490	17,418	369,964	1,569,980	14,980,373
Total financial liabilities	₱180,930,689	₱116,732,793	₱55,635,048	₱60,083,747	₱292,091,036	₱705,473,313
Repricing gap	(₱16,012,897)	(₱53,796,260)	(₱15,568,911)	(₱13,722,053)	(₱63,421,309)	(₱162,521,430)
Cumulative gap	(16,012,897)	(69,809,157)	(85,378,068)	(99,100,121)	(162,521,430)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Receivables from customers excludes residual value of leased assets (Note 10)

***Excludes LTNCD

	Consolidated					
	2021					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱125,574,144	₱12,580,589	₱4,001,191	₱7,196,019	₱38,758,402	₱188,110,345
Interbank loans receivable and securities held under agreements to resell	34,549,285	10,771,927	1,466,248	1,115,301	—	47,902,761
Receivables from customers and other receivables - gross**	128,716,224	64,304,858	18,404,771	30,948,461	103,944,768	346,319,082
Total financial assets	₱288,839,653	₱87,657,374	₱23,872,210	₱39,259,781	₱142,703,170	₱582,332,188
Financial Liabilities*						
Deposit liabilities:						
Savings	₱135,672,175	₱68,263,209	₱23,605,886	₱49,986,458	₱220,893,955	₱498,421,683
Time***	93,532,161	43,039,858	4,787,996	3,235,736	7,133,803	151,729,554
Bonds payable	—	—	—	—	53,383,421	53,383,421
Bills and acceptances payable	42,931,168	8,030,146	43,984	259,804	1,688,695	52,953,797
Total financial liabilities	₱272,135,504	₱119,333,213	₱28,437,866	₱53,481,998	₱283,099,874	₱756,488,455
Repricing gap	₱16,704,149	(₱31,675,839)	(₱4,565,656)	(₱14,222,217)	(₱140,396,704)	(₱174,156,267)
Cumulative gap	16,704,149	(14,971,690)	(19,537,346)	(33,759,563)	(174,156,267)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Receivables from customers excludes residual value of leased assets (Note 10)

***Excludes LTNCD



Parent Company						
2022						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱53,592,812	₱10,577,151	₱3,520,771	₱6,789,024	₱37,820,976	₱112,300,734
Interbank loans receivable and securities held under repurchase agreement	69,014,896	4,333,680	2,118,690	3,791,340	–	79,258,606
Receivable from customers and other receivables - gross**	38,027,100	45,572,755	34,155,255	35,259,733	188,411,533	341,426,376
Total financial assets	₱160,634,808	₱60,483,586	₱39,794,716	₱45,840,097	₱226,232,509	₱532,985,716
Financial Liabilities*						
Deposit liabilities:						
Savings	₱113,443,295	₱82,873,557	₱27,876,786	₱50,253,238	₱244,481,764	₱518,928,640
Time***	59,700,130	28,124,706	8,370,715	8,430,094	4,140,440	108,766,085
Bonds payable	–	–	16,696,885	–	41,742,212	58,439,097
Bills and acceptances payable	9,231,579	3,540,473	–	–	1,115,983	13,888,035
Total financial liabilities	₱182,375,004	₱114,538,736	₱52,944,386	₱58,683,332	₱291,480,399	₱700,021,857
Repricing gap	(₱21,740,196)	(₱54,055,150)	(₱13,149,670)	(₱12,843,235)	(₱65,247,890)	(₱167,036,141)
Cumulative gap	(21,740,196)	(75,795,346)	(88,945,016)	(101,788,251)	(167,036,141)	

* Financial instruments that are not subject to repricing/rollforward were excluded.

** Receivable from customers excludes residual value of leased assets (Note 10).

***Excludes LTNCD.

Parent Company						
2021						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱121,537,698	₱10,920,763	₱3,158,864	₱7,169,884	₱37,294,450	₱180,081,659
Interbank loans receivable and securities held under repurchase agreement	33,268,898	10,642,100	1,066,128	1,115,301	–	46,092,427
Receivable from customers and other receivables - gross**	128,716,224	64,304,858	18,404,771	30,948,461	103,944,768	346,319,082
Total financial assets	₱283,522,820	₱85,867,721	₱22,629,763	₱39,233,646	₱141,239,218	₱572,493,168
Financial Liabilities*						
Deposit liabilities:						
Savings	₱134,107,855	₱68,263,209	₱23,605,886	₱49,986,458	₱221,049,602	₱497,013,010
Time***	95,172,643	44,321,054	5,379,430	6,190,653	7,002,570	158,066,350
Bonds payable	–	–	–	–	53,383,421	53,383,421
Bills and acceptances payable	42,808,063	7,284,147	–	–	1,020,808	51,113,018
Total financial liabilities	₱272,088,561	₱119,868,410	₱28,985,316	₱56,177,111	₱282,456,401	₱759,575,799
Repricing gap	₱11,434,259	(₱34,000,689)	(₱6,355,553)	(₱16,943,465)	(₱141,217,183)	(₱187,082,631)
Cumulative gap	11,434,259	(22,566,430)	(28,921,983)	(45,865,448)	(187,082,631)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Receivables from customers excludes residual value of leased assets (Note 10)

***Excludes LTNCD

The following table sets forth, for the year indicated, the impact of changes in interest rates on the Group's and the Parent Company's repricing gap for the years ended December 31, 2022 and 2021:

Consolidated				
	2022		2021	
	Statement of Income	Equity	Statement of Income	Equity
+50bps	(₱352,749)	(₱352,749)	(₱75,953)	(₱75,953)
-50bps	352,749	352,749	75,953	75,953
+100bps	(705,498)	(705,498)	(151,907)	(151,907)
-100bps	705,498	705,498	151,907	151,907



	Parent Company			
	2022		2021	
	Statement of Income	Equity	Statement of Income	Equity
+50bps	(P372,994)	(P372,994)	(P118,226)	(P118,226)
-50bps	372,994	372,994	118,226	118,226
+100bps	(745,988)	(745,988)	(236,452)	(236,452)
-100bps	745,988	745,988	236,452	236,452

As one of the long-term goals in the risk management process, the Group has also implemented the adoption of the economic value approach in measuring the impact of the interest rate risk in the banking books to complement the earnings at risk approach using the modified duration approach. Cognizant of this requirement, the Group has undertaken the initial activities such as identification of the business requirement and design of templates for each account and the inclusion of this requirement in the Asset Liability Management business requirement definition.

Foreign currency risk

Foreign exchange is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financials and cash flows.

Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU books, accounts made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency-denominated borrowings appearing in the regular books of the Parent Company.

Foreign currency deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held through FCDUs. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency liabilities held through FCDUs. Outside the FCDU, the Parent Company has additional foreign currency assets and liabilities in its foreign branch network.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Group is involved.

The table below summarizes the exposure to foreign exchange rate risk excluding those under the FCDU, categorized by currency (amounts in Philippine peso equivalent).

	Consolidated					
	2022			2021		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	P84,087	P220,965	P305,052	P215,072	P493,719	P708,791
Due from other banks	15,808,462	6,252,360	22,060,822	14,159,849	4,403,189	18,563,038
Interbank loans receivable and securities held under agreements to resell	1,055,631	1,963,052	3,018,683	1,824,404	2,314,037	4,138,441
Loans and receivables	27,845,651	9,647,963	37,493,614	27,522,800	11,002,833	38,525,633
Financial assets at FVTPL	631	1,708	2,339	171,178	1,506	172,684
Financial assets at FVOCI	836,677	1,359,428	2,196,105	519,881	1,569,257	2,089,138
Investment securities at amortized cost	145,145	512,077	657,222	133,824	174,946	308,770
Other assets	123,263	1,119,773	1,243,036	5,819,720	1,223,698	7,043,418
Total assets	45,899,547	21,077,326	66,976,873	50,366,728	21,183,185	71,549,913

(Forward)



	Consolidated					
	2022			2021		
	USD	Others*	Total	USD	Others*	Total
Liabilities						
Deposit liabilities	₱8,239,094	₱7,994,078	₱16,233,172	₱8,006,094	₱7,778,145	₱15,784,239
Derivative liabilities				130	93	223
Bills and acceptances payable	11,984,358	16,950	12,001,308	49,117,805	276,958	49,394,763
Accrued interest payable	93,140	82,035	175,175	53,461	14,072	67,533
Other liabilities	26,256,370	2,199,950	28,456,320	1,115,069	2,211,066	3,326,135
Total liabilities	46,572,962	10,293,013	56,865,975	58,292,559	10,280,334	68,572,893
Net Exposure	(₱673,415)	₱10,784,313	₱10,110,898	(₱7,925,831)	₱10,902,851	₱2,977,020

* Other currencies include UAE Dirham (AED), Australia dollar (AUD), Bahrain dollar (BHD), Brunei dollar (BND), Canada dollar (CAD), Swiss franc (CHF), China Yuan (CNY), Denmark kroner (DKK), Euro (EUR), UK pound (GBP), Hong Kong dollar (HKD), Indonesia rupiah (IDR), Japanese yen (JPY), New Zealand dollar (NZD), Saudi Arabia riyal (SAR), Sweden kroner (SEK), Singapore dollar (SGD), South Korean won (SKW), Thailand baht (THB) and Taiwan dollar (TWD)

	Parent Company					
	2022			2021		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱67,296	₱212,487	₱279,783	₱36,108	₱236,932	₱273,040
Due from other banks	10,753,272	1,465,566	12,218,838	8,612,030	1,123,695	9,735,725
Interbank loans receivable and securities held under agreements to resell	722,689	725,368	1,448,057	1,825,466	473,239	2,298,705
Loans and receivables	24,638,723	38,217	24,676,940	24,993,494	993,679	25,987,173
Financial assets at FVTPL	216	—	216	169,672	—	169,672
Financial assets at FVOCI	836,677	1,205,124	2,041,801	519,881	1,410,078	1,929,959
Investment securities at amortized cost	5,863	512,077	517,940	5,875	174,946	180,821
Other assets	11,811,574	—	11,811,574	17,127,983	—	17,127,983
Total assets	48,836,310	4,158,839	52,995,149	53,290,509	4,412,569	57,703,078
Liabilities						
Deposit liabilities	2,280,526	4,472,986	6,753,512	2,198,873	4,037,877	6,236,750
Derivative liabilities	—	—	—	37	—	37
Bills and acceptances payable	11,927,528	—	11,927,528	48,863,921	—	48,863,921
Accrued interest payable	86,968	408	87,376	48,907	262	49,169
Other liabilities	25,952,250	1,841,698	27,793,948	822,886	1,695,641	2,518,527
Total liabilities	40,247,272	6,315,092	46,562,364	51,934,624	5,733,780	57,668,404
Net Exposure	₱8,589,038	(₱2,156,253)	₱6,432,785	₱1,355,885	(₱1,321,211)	₱34,674

* Other currencies include AED, AUD, BHD, BND, CAD, CHF, CNY, DKK, EUR, GBP, HKD, IDR, JPY, NZD, PHP, SAR, SEK, SGD, SKW, THB and TWD

The exchange rates used to convert the Group and the Parent Company's US dollar-denominated assets and liabilities into Philippine peso were ₱55.76 to USD1.00 as of December 31, 2022 and ₱51.00 to USD1.00 as of December 31, 2021.

The following tables set forth the impact of the range of reasonably possible changes in the USD:PHP exchange rate on the Group and the Parent Company's income before income tax and equity (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2022 and 2021:

	2022			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	(₱15,101)	₱6,734	₱77,524	(₱85,890)
-1.00%	15,101	(6,734)	(77,524)	85,890
	2021			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	(₱84,457)	₱79,258	₱8,360	(₱13,559)
-1.00%	84,457	(79,258)	(8,360)	13,559

The Group and the Parent Company do not expect the impact of the volatility on other currencies to be material.



5. Fair Value Measurement

The Group uses the following methods and assumptions in estimating the fair value of its assets and liabilities:

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: <ul style="list-style-type: none"> • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities ¹ – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments ²; or • adjusted net asset value method ³ and applying a discount for lack of marketability
Loans and receivables	For loans with fixed interest rates – estimated using the discounted cash flow methodology ⁴ For loans with floating interest rates – at their carrying amounts
Investment properties	Appraisal by independent external and in-house appraisers based on highest and best use of the property (i.e., current use of the properties) ⁵ using either: <ul style="list-style-type: none"> • market data approach ⁶; or • replacement cost approach ⁷
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology ⁸

Notes:

¹ using interpolated PHP BVAL rates provided by the Philippine Dealing and Exchange Corporation (for government securities) and PHP BVAL rates plus additional credit spread (for corporate/private securities)

² using the most relevant multiples (e.g., earnings, book value)

³ measures the company's value by adjusting the carrying value of its assets to their fair values, and then subtracting the fair value of its liabilities

⁴ using the current incremental lending rates for similar loans

⁵ considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others

⁶ using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold

⁷ estimating the investment required to duplicate the property in its present condition

⁸ using the current incremental borrowing rates for similar borrowings



Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to their fair value measurement is unobservable

The Group and the Parent Company held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	Consolidated				
	2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱4,371,671	₱27,009	₱4,344,662	₱—	₱4,371,671
Private debt securities	1,610,681	146,495	1,464,186	—	1,610,681
Derivative assets	1,361,951	—	1,361,951	—	1,361,951
Equity securities	2,898	2,898	—	—	2,898
Financial assets at FVOCI:					
Government securities	117,939,783	55,867,413	62,072,370	—	117,939,783
Equity securities	24,812,872	233,298	1,128,254	23,451,320	24,812,872
Private debt securities	15,430,870	244,224	15,186,646	—	15,430,870
	₱165,530,726	₱56,521,337	₱85,558,069	₱23,451,320	₱165,530,726
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱1,039,776	₱—	₱1,039,776	₱—	₱1,039,776
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱110,467,960	₱14,695,749	₱96,707,252	₱—	₱111,403,001
Receivables from customers**	578,120,332	—	—	610,493,878	610,493,878
	₱688,588,292	₱14,695,749	₱96,707,252	₱610,493,878	₱721,896,879
Nonfinancial Assets					
Investment property:					
Land***	₱12,508,051	₱—	₱—	₱29,868,859	₱29,868,859
Buildings and improvements***	1,286,935	—	—	3,510,670	3,510,670
	₱13,794,986	₱—	₱—	₱33,379,529	₱33,379,529
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱112,113,308	₱—	₱—	₱112,113,308	₱112,113,308
LTNCDs	19,130,012	—	18,922,562	—	18,922,562
Bonds payable	58,439,097	39,955,398	16,878,070	—	56,833,468
Bills payable	7,702,325	—	—	7,625,229	7,625,229
	₱197,384,742	₱39,955,398	₱35,800,632	₱119,738,537	₱195,494,567

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)



Consolidated					
2021					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱7,956,013	₱3,309,163	₱4,646,850	₱—	₱7,956,013
Private debt securities	1,841,548	949,208	892,340	—	1,841,548
Derivative assets	1,365,051	—	1,365,051	—	1,365,051
Equity securities	5,045	5,045	—	—	5,045
Financial assets at FVOCI:					
Government securities	120,453,593	63,357,650	57,095,943	—	120,453,593
Equity securities	24,418,218	252,902	500,259	23,665,057	24,418,218
Private debt securities	23,115,479	10,175,734	12,939,745	—	23,115,479
	₱179,154,947	₱78,049,702	₱77,440,188	₱23,665,057	₱179,154,947
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱891,531	₱—	₱891,531	₱—	₱891,531
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱89,455,843	₱17,676,548	₱77,195,379	₱—	₱94,871,927
Receivables from customers**	593,615,093	—	—	627,304,434	627,304,434
	₱683,070,936	₱17,676,548	₱77,195,379	₱627,304,434	₱722,176,361
Nonfinancial Assets					
Investment property:					
Land***	₱9,582,916	₱—	₱—	₱26,914,713	₱26,914,713
Buildings and improvements***	1,152,980	—	—	3,030,859	3,030,859
	₱10,735,896	₱—	₱—	₱29,945,572	₱29,945,572
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱151,729,554	₱—	₱—	₱151,729,554	₱151,729,554
LTNCDs	28,245,390	—	28,314,622	—	28,314,622
Bonds payable	53,383,421	38,997,788	15,727,174	—	54,724,962
Bills payable	45,843,901	—	—	45,860,995	45,860,995
	₱279,202,266	₱38,997,788	₱44,041,796	₱197,590,549	₱280,630,133

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)

Parent Company					
2022					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱4,371,671	₱27,008	₱4,344,663	₱—	₱4,371,671
Private debt securities	1,464,186	—	1,464,186	—	1,464,186
Derivative assets	1,359,828	—	1,359,828	—	1,359,828
Financial assets at FVOCI:					
Government securities	117,660,744	55,415,814	62,244,930	—	117,660,744
Equity securities	24,365,818	233,128	681,370	23,451,320	24,365,818
Private debt securities	15,179,345	244,224	14,935,121	—	15,179,345
	₱164,401,592	₱55,920,174	₱85,030,098	₱23,451,320	₱164,401,592
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱1,039,776	₱—	₱1,039,776	₱—	₱1,039,776

(Forward)



Parent Company					
2022					
	Carrying Value	Level 1	Level 2	Level 3	Total
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	₱110,328,678	₱14,556,467	₱96,707,252	₱—	₱111,263,719
Receivables from customers**	564,069,218	—	—	596,443,214	596,443,214
	674,397,896	14,556,467	96,707,252	596,443,214	707,706,933
Nonfinancial Assets					
Investment property:					
Land***	₱11,953,099	₱—	₱—	₱29,264,637	₱29,264,637
Buildings and improvements***	1,311,721	—	—	3,316,776	3,316,776
	₱13,264,820	₱—	₱—	₱32,581,413	₱32,581,413
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱108,766,087	₱—	₱—	₱108,766,087	₱108,766,087
LTNCDs	19,130,012	—	18,922,562	—	18,922,562
Bonds payable	58,439,097	39,955,398	16,878,070	—	56,833,468
Bills payable	6,609,988	—	—	6,532,891	6,532,891
	₱192,945,184	₱39,955,398	₱35,800,632	₱115,298,978	₱191,055,008

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)

Parent Company					
2021					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱7,956,013	₱3,309,163	₱4,646,850	₱—	₱7,956,013
Private debt securities	1,692,224	799,884	892,340	—	1,692,224
Derivative assets	1,362,041	—	1,362,041	—	1,362,041
Financial assets at FVOCI:					
Government securities	120,466,974	63,198,471	57,268,503	—	120,466,974
Equity securities	23,963,897	252,732	452,259	23,258,906	23,963,897
Private debt securities	23,115,479	10,175,734	12,939,745	—	23,115,479
	₱178,556,628	₱77,735,984	₱77,561,738	₱23,258,906	₱178,556,628
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱891,346	₱—	₱891,346	₱—	₱891,346
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	₱89,327,894	₱17,548,599	₱77,195,379	₱—	₱94,743,978
Receivables from customers**	579,021,317	—	—	612,711,110	612,711,110
	₱668,349,211	₱17,548,599	₱77,195,379	₱612,711,110	₱707,455,088
Nonfinancial Assets					
Investment property:					
Land***	₱9,053,906	₱—	₱—	₱25,982,290	₱25,982,290
Buildings and improvements***	1,124,421	—	—	2,761,872	2,761,872
	₱10,178,327	₱—	₱—	₱28,744,162	₱28,744,162
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱158,066,350	₱—	₱—	₱158,066,350	₱158,066,350
LTNCDs	28,245,390	—	28,314,622	—	28,314,622
Bonds payable	53,383,421	38,997,788	15,727,174	—	54,724,962
Bills payable	44,003,122	—	—	44,020,216	44,020,216
	₱283,698,283	₱38,997,788	₱44,041,796	₱202,086,566	₱285,126,150

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)



As of December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table summarizes the significant unobservable inputs used to calculate the fair value of Level 3 financial assets at FVOCI of the Group and the Parent Company as of December 31, 2022 and the range of values indicating the highest and lowest level input used in the valuation techniques.

		2022		2021	
	Significant Unobservable Input	-2%	+2%	-2%	+2%
Equity securities	Discount for lack of marketability	₱555,656	(₱555,656)	₱550,659	(₱550,659)

For certain unquoted equity securities, the Group imputes a discount for lack of marketability which is a valuation consideration often based on observed data and empirical evidence. Certain valuation studies suggest that private companies typically sell at lower transaction pricing multiples than similar public companies.

6. Segment Information

6.1 Business Segments

The Group's operating businesses are determined and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Group's business segments follow:

- Retail Banking - principally handling individual customer's deposits, and providing consumer type loans, credit card facilities and fund transfer facilities;
- Corporate Banking - principally handling loans and other credit facilities and deposit accounts for corporate and institutional customers;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of Treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking; and
- Other Segments - include, but not limited to, trust, leasing, remittances and other support services. Other support services of the Group comprise of operations and finance.

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is credited to or charged against business segments based on pool rate which approximates the marginal cost of funds.

For management purposes, business segment report is done on a quarterly basis. Business segment information provided to the BOD, the chief operating decision maker (CODM), is based on the reportorial requirements under the Regulatory Accounting Principles (RAP) of the BSP, which differ from PFRS due to the manner of provisioning for impairment and credit losses, measurement of investment properties, and the fair value measurement of financial instruments. The report submitted to CODM represents only the results of operation for each of the reportable segment.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.



Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment revenues pertain to the net interest margin and other operating income earned by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Group has no significant customer which contributes 10.00% or more of the consolidated revenue.

Business segment information of the Group follows:

2022						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	₱1,067,003	₱27,860,354	₱8,535,524	₱20,517	(₱155,828)	₱37,327,570
Inter-segment	20,436,564	(13,698,864)	(6,737,700)	—	—	—
Net interest margin after inter-segment transactions	21,503,567	14,161,490	1,797,824	20,517	(155,828)	37,327,570
Other income	5,008,794	8,159,543	(128,555)	3,629,778	(488,667)	16,180,893
Segment revenue	26,512,361	22,321,033	1,669,269	3,650,295	(644,495)	53,508,463
Other expenses	13,047,668	9,261,629	628,690	2,069,057	(644,495)	24,362,549
Segment result	₱13,464,693	₱13,059,404	₱1,040,579	₱1,581,238	₱—	29,145,914
Unallocated expenses						12,630,698
Income before income tax						16,515,216
Income tax						4,931,228
Net income						11,583,988
Non-controlling interests						51,670
Net income for the year attributable to equity holders of the Parent Company						₱11,532,318
Other segment information:						
Capital expenditures	₱166,520	₱26,621	₱19,998	₱9,628	₱—	₱222,767
Unallocated capital expenditure						1,205,888
Total capital expenditure						₱1,428,655
Depreciation and amortization	₱1,308,317	₱399,629	₱45,770	₱351,829	₱—	₱2,105,545
Unallocated depreciation and amortization						2,120,201
Total depreciation and amortization						₱4,225,746
Provision for (reversal of) impairment, credit and other losses	₱840,755	₱5,281,808	(₱8,104)	₱1,083,658	₱—	₱7,198,117

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments

2021						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	₱471,810	₱28,638,348	₱5,631,755	₱128,036	(₱25,122)	₱34,844,827
Inter-segment	17,316,847	(15,099,161)	(2,217,686)	—	—	—
Net interest margin after inter-segment transactions	17,788,657	13,539,187	3,414,069	128,036	(25,122)	34,844,827
Other income	4,774,488	325,327	1,071,713	36,632,015	399,445	43,202,988
Segment revenue	22,563,145	13,864,514	4,485,782	36,760,051	374,323	78,047,815
Other expenses	15,835,760	11,135,265	28,780	1,872,452	374,323	29,246,580
Segment result	₱6,727,385	₱2,729,249	₱4,457,002	₱34,887,599	₱—	48,801,235
Unallocated expenses						10,830,638
Income before income tax						37,970,597

(Forward)



2021						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Income tax						P5,545,194
Net income from continuing operations						32,425,403
Net income from discontinued operations						(735,365)
Net income						31,690,038
Non-controlling interests						59,412
Net income for the year attributable to equity holders of the Parent Company						P31,630,626
Other segment information:						
Capital expenditures	P253,520	P22,288	P47,096	P436,928	P-	P759,832
Unallocated capital expenditure						1,016,364
Total capital expenditure						P1,776,196
Depreciation and amortization	P810,644	P341,467	P21,707	P452,128	P-	P1,625,946
Unallocated depreciation and amortization						1,219,771
Total depreciation and amortization						P2,845,717
Provision for (reversal of) impairment, credit and other losses	P4,355,124	P8,171,174	(P600,974)	P953,687	P-	P12,879,011
2020						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	P103,187	P30,817,596	P4,802,612	P140,191	(P43,123)	P35,820,463
Inter-segment	17,402,385	(17,307,550)	(94,835)	-	-	-
Net interest margin after inter-segment transactions	17,505,572	13,510,046	4,707,777	140,191	(43,123)	35,820,463
Other income	3,431,422	2,194,121	3,976,885	1,252,087	(383,782)	10,470,733
Segment revenue	20,936,994	15,704,167	8,684,662	1,392,278	(426,905)	46,291,196
Other expenses	14,579,502	18,655,970	1,152,761	739,242	(426,905)	34,700,570
Segment result	P6,357,492	(P2,951,803)	P7,531,901	P653,036	P-	11,590,626
Unallocated expenses						11,042,209
Income before income tax						548,417
Income tax						(1,866,402)
Net income from continuing operations						2,414,819
Net income from discontinued operations						210,669
Net income						2,625,488
Non-controlling interests						10,835
Net income for the year attributable to equity holders of the Parent Company						P2,614,653
Other segment information:						
Capital expenditures	P631,935	P3,521	P12,986	P202,179	P-	P850,621
Unallocated capital expenditure						664,098
Total capital expenditure						P1,514,719
Depreciation and amortization	P949,266	P102,145	P3,281	P503,681	P-	P1,558,373
Unallocated depreciation and amortization						1,596,195
Total depreciation and amortization						P3,154,568
Provision for impairment, credit and other losses	P3,054,829	P13,223,352	P269,915	P334,525	P-	P16,882,621

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments



As of December 31, 2022						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱699,718,901	₱318,631,627	₱102,166,641	₱69,835,932	(₱45,196,025)	₱1,145,157,076
Unallocated assets						—
Total assets						₱1,145,157,076
Segment liabilities	₱680,567,910	₱227,645,082	₱21,889,505	₱93,262,996	(₱48,114,051)	₱975,251,442
Unallocated liabilities						—
Total liabilities						₱975,251,442

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments

As of December 31, 2021						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱730,811,300	₱264,879,265	₱113,978,883	₱95,128,444	(₱21,793,763)	₱1,183,004,129
Unallocated assets						7,780,533
Total assets						₱1,190,784,662
Segment liabilities	₱726,607,402	₱214,925,795	₱15,636,431	₱85,879,581	(₱21,417,503)	₱1,021,631,706
Unallocated liabilities						7,930,000
Total liabilities						₱1,029,561,706

*The adjustments and eliminations column mainly represent the RAP to PFRS adjustments

6.2 Geographical Segments

Although the Group's businesses are managed on a worldwide basis, the Group operates in four principal geographical areas of the world. The distribution of assets, liabilities, credit commitments, capital expenditures, and revenues by geographic region of the Group follows:

	Non-current Assets*		Liabilities		Credit Commitments	
	2022	2021	2022	2021	2022	2021
Philippines	₱536,693,910	₱562,892,766	₱930,350,192	₱980,065,000	₱43,941,525	₱45,038,930
Asia (excluding Philippines)	18,796,243	21,098,989	33,199,104	39,749,446	—	—
USA and Canada	2,079,055	1,576,258	11,598,988	9,629,585	—	—
United Kingdom	797	1,002	103,158	117,675	—	—
	₱557,570,005	₱585,569,015	₱975,251,442	₱1,029,561,706	₱43,941,525	₱45,038,930

	Capital Expenditures			Revenues		
	2022	2021	2020	2022	2021	2020
Philippines	₱1,394,685	₱1,728,280	₱1,511,914	₱59,259,052	₱83,243,604	₱56,002,435
Asia (excluding Philippines)	33,178	45,649	1,726	1,221,488	1,561,499	867,185
USA and Canada	792	2,267	1,079	839,476	694,003	348,775
United Kingdom	—	—	—	105,279	106,259	202,787
	₱1,428,655	₱1,776,196	₱1,514,719	₱61,425,295	₱85,605,365	₱57,421,182

* Gross of allowance for impairment and credit losses (Note 16) and unearned and other deferred income (Note 10)

The Philippines is the home country of the Parent Company, which is also the main operating company. The Group offers a wide range of financial services as discussed in Note 1. Additionally, most of the remittance services are managed and conducted in Asia, Canada, USA and United Kingdom.

The areas of operations include all the primary business segments.



7. Due from Bangko Sentral ng Pilipinas

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Demand deposit (Note 17)	₱74,701,360	₱81,273,307	₱74,701,360	₱81,273,307
Term deposit facility (TDF)	20,000,000	79,728,605	20,000,000	79,728,605
	₱94,701,360	₱161,001,912	₱94,701,360	₱161,001,912

TDFs bear annual interest rates ranging from to 5.00% to 6.43% in 2022, from 1.50% to 1.88% in 2021 and 1.62% to 3.80% in 2020.

8. Interbank Loans Receivable and Securities Held Under Agreements to Resell

8.1 Interbank Loans Receivables

Interbank loans receivables of the Group and the Parent Company bear interest ranging from:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Peso-denominated	1.5% - 6.4%	1.0% - 2.0%	0.0% - 3.7%	1.5% - 6.4%	1.0% - 2.0%	0.0% - 3.7%
Foreign currency-denominated	0.4% - 5.3%	0.0% - 1.5%	0.0% - 2.2%	0.4% - 5.3%	0.0% - 1.5%	0.0% - 2.2%

The amount of the Group's and the Parent Company's interbank loans receivable considered as cash and cash equivalents follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Interbank loans receivable	₱16,291,470	₱32,112,667	₱14,736,112	₱30,302,334
Less: Allowance for credit losses (Note 16)	1,369	6,579	1,369	6,579
	16,290,101	32,106,088	14,734,743	30,295,755
Less: Interbank loans receivable not considered as cash and cash equivalents	6,507,649	1,652,710	5,910,030	1,253,379
	₱9,782,452	₱30,453,378	₱8,824,713	₱29,042,376

8.2 Securities Held Under Agreements to Resell

Securities held under agreements to resell bear interest ranging from 2.00% to 5.50%, from 1.50% to 2.50%, and from 2.00% to 3.25% in 2022, 2021 and 2020, respectively. As of December 31, 2022 and 2021, allowance for credit losses on securities held under agreements to resell amounted to ₱2.2 million and ₱3.6 million, respectively (refer to Note 16.2).

The fair value of the treasury bills pledged under these agreements as of December 31, 2022 and 2021 amounted to ₱64.3 billion and ₱16.0 billion, for the Group and the Parent Company (refer to Note 35).



8.3 Interest Income on Interbank Loans Receivable and Securities Held Under Agreements to Resell

In 2022, 2021 and 2020, interest income on interbank loans receivable and securities held under agreements to resell amounted to ₱954.6 million, ₱400.4 million, and ₱536.3 million, respectively, for the Group and ₱896.7 million, ₱348.2 million, and ₱478.5 million, respectively, for the Parent Company.

9. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Financial assets at FVTPL	₱7,347,201	₱11,167,657	₱7,195,685	₱11,010,278
Financial assets at FVOCI	158,183,525	167,987,290	157,205,907	167,546,350
Investment securities at amortized cost	110,467,960	89,455,843	110,328,678	89,327,894
	₱275,998,686	₱268,610,790	₱274,730,270	₱267,884,522

9.1 Financial Assets at FVTPL

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Government securities	₱4,371,671	₱7,956,013	₱4,371,671	₱7,956,013
Private debt securities	1,610,681	1,841,548	1,464,186	1,692,224
Derivative assets (Notes 23 and 35)	1,361,951	1,365,051	1,359,828	1,362,041
Equity securities	2,898	5,045	—	—
	₱7,347,201	₱11,167,657	₱7,195,685	₱11,010,278

The nominal interest rates of debt securities at FVTPL range from:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Government securities	1.4% - 8.0%	1.4% - 9.5%	2.6% - 8.0%	1.4% - 8.0%	1.4% - 9.5%	2.6% - 8.0%
Private debt securities	4.9% - 6.9%	4.9% - 6.9%	4.9% - 7.0%	4.9% - 6.9%	4.9% - 6.9%	4.9% - 7.0%

9.2 Financial Assets at FVOCI

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Government securities (Note 19)	₱117,939,783	₱120,453,593	₱117,660,744	₱120,466,974
Private debt securities (Note 19)	15,430,870	23,115,479	15,179,345	23,115,479
Equity securities				
Quoted	792,216	669,585	734,046	621,415
Unquoted (Note 33)	24,020,656	23,748,633	23,631,772	23,342,482
	₱158,183,525	₱167,987,290	₱157,205,907	₱167,546,350



Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱23.2 billion and ₱23.0 billion as of December 31, 2022 and 2021, respectively (refer to Note 12.4). The fair value was determined using the adjusted net asset value method as discussed in Note 5. Further, the Parent Company applied 16.50% discount for lack of marketability by referring to a number of recent initial public offerings.

The effective interest rates of debt securities at FVOCI range from:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Government securities	0.2% - 26.2%	0.1% - 18.3%	0.2% - 18.3%	0.2% - 26.2%	0.1% - 18.3%	0.2% - 18.3%
Private debt securities	0.5% - 6.4%	0.4% - 6.9%	2.0% - 6.9%	0.5% - 6.4%	0.4% - 6.9%	2.0% - 6.9%

As of December 31, 2022 and 2021, the fair value of financial assets at FVOCI in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreement transactions amounted to ₱2.5 billion and ₱32.8 billion, respectively (refer to Note 19.1). The counterparties have an obligation to return the securities to the Parent Company once the obligations have been settled. In case of default, the counterparties have the right to hold the securities and sell them as settlement of the repurchase agreement.

The movements in 'Net unrealized gains (losses) on financial assets at FVOCI' of the Group and the Parent Company are as follows:

	Consolidated		Parent Company	
	2022	2021	2021	2021
Balance at the beginning of the year	(₱703,737)	₱3,054,403	(₱703,737)	₱3,054,403
Changes in fair values:				
Debt securities	(5,808,581)	(1,696,025)	(5,799,196)	(1,673,631)
Equity securities	394,654	(21,809)	401,920	63,722
Provisions for (reversals of) credit losses (Note 16)	(12,566)	66,752	(12,069)	64,122
Realized losses (gains)	1,058,318	(1,540,192)	1,058,318	(1,540,192)
Share in net unrealized gains (losses) of subsidiaries and an associate (Note 12)	(885,481)	(558,030)	(902,788)	(663,471)
	(5,957,393)	(694,901)	(5,957,552)	(695,047)
Income tax effect (Note 30)	(1,882)	(8,836)	(1,723)	(8,690)
	(₱5,959,275)	(₱703,737)	(₱5,959,275)	(₱703,737)

As of December 31, 2022 and 2021, the allowance for credit losses on debt securities at FVOCI (included in 'Net unrealized gain (loss) on financial assets at FVOCI') amounted to ₱121.6 million and ₱134.2 million, respectively, for the Group, and ₱119.5 million and ₱131.5 million, respectively, for the Parent Company (refer to Note 16.2). Movements in ECL on debt securities at FVOCI are mostly driven by movements in the corresponding gross figures.



9.3 Investment Securities at Amortized Cost

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Government securities (Notes 19 and 32)	₱78,197,433	₱34,133,294	₱78,058,151	₱34,005,345
Private debt securities	36,118,377	59,144,715	36,118,377	59,144,715
	114,315,810	93,278,009	114,176,528	93,150,060
Less allowance for credit losses (Note 16)	3,847,850	3,822,166	3,847,850	3,822,166
	₱110,467,960	₱89,455,843	₱110,328,678	₱89,327,894

The effective interest rates of investment securities at amortized cost range from:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Government securities	0.8% - 7.5%	0.1% - 7.4%	0.1% - 7.8%	0.8% - 7.5%	0.1% - 7.4%	0.1% - 7.8%
Private debt securities	0.8% - 8.3%	0.4% - 6.9%	0.3% - 8.3%	0.8% - 8.3%	0.4% - 6.9%	0.3% - 8.3%

In 2022 and 2021, movements in allowance for expected credit losses on investment securities at amortized cost are mostly driven by newly originated assets which remained in Stage 1.

As of December 31, 2022 and 2021, the fair value of investment securities at amortized cost in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreements transactions amounted to ₱5.5 billion and ₱5.6 billion, respectively, with corresponding carrying values of ₱5.5 billion and ₱5.3 billion, respectively (refer to Note 19.1). As of December 31, 2022 and 2021, government securities amounting to ₱1.6 billion are deposited with the BSP in compliance with trust regulations (refer to Note 32).

9.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Financial assets at FVOCI	₱4,442,846	₱2,698,223	₱2,453,720	₱4,432,605	₱2,698,419	₱2,407,180
Investment securities at amortized cost	3,712,076	3,265,371	3,750,255	3,710,487	3,264,195	3,748,623
	8,154,922	5,963,594	6,203,975	8,143,092	5,962,614	6,155,803
Discontinued operations (Note 36):						
Financial assets at FVOCI	—	11,135	38,756	—	—	—
Investment securities at amortized cost	—	8,695	43,478	—	—	—
	—	19,830	82,234	—	—	—
	₱8,154,922	₱5,983,424	₱6,286,209	₱8,143,092	₱5,962,614	₱6,155,803

9.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Financial assets at FVTPL						
Government securities	(₱146,580)	₱—	₱395,156	(₱146,580)	₱—	₱395,156
Private debt securities	(64,458)	(825,476)	561,385	(61,631)	(954,145)	673,706
Equity securities	(197)	2,323	(71,685)	—	—	(64,507)
Derivatives (Note 23)	—	(23,472)	(2,532)	—	(23,472)	(2,532)

(Forward)



	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Financial assets at FVOCI						
Government securities	P–	P1,510,133	P2,031,425	P–	P1,510,133	P2,031,425
Private debt securities	(1,058,318)	30,057	423,839	(1,058,318)	30,057	423,272
Equity securities	–	2	–	–	2	–
Investment securities at amortized cost	(11,230)	38,005	1	(11,230)	38,005	1
	(1,280,783)	731,572	3,337,589	(1,277,759)	600,580	3,456,521
Discontinued operations (Note 36):						
Financial assets at FVTPL						
Investment in unit investment trust funds (UITF)	–	–	43	–	–	–
Equity securities	–	–	7	–	–	–
Financial assets at FVOCI						
Government securities	–	–	8,829	–	–	–
Investment securities at amortized cost	–	–	294	–	–	–
	–	–	9,173	–	–	–
	(P1,280,783)	P731,572	P3,346,762	(P1,277,759)	P600,580	P3,456,521

Trading gains on investment securities at amortized cost pertain to investments which were redeemed by the respective issuers prior to their contractual maturity.

10. Loans and Receivables

10.1 Breakdown of Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Receivables from customers:				
Loans and discounts	P579,484,209	P597,979,601	P567,288,274	P586,259,980
Credit card receivables	14,382,681	13,156,945	14,382,681	13,156,945
Customers' liabilities on letters of credit and trust receipts	10,378,461	8,315,300	10,248,556	8,143,281
Customers' liabilities on acceptances (Note 19)	7,272,876	7,109,896	7,272,876	7,109,896
Bills purchased (Note 22)	1,220,029	1,364,543	935,960	1,087,961
Lease contracts receivable (Note 29)	873,878	2,615,992	–	5,850
	613,612,134	630,542,277	600,128,347	615,763,913
Less unearned and other deferred income	756,049	1,118,244	612,582	856,408
	612,856,085	629,424,033	599,515,765	614,907,505
Other receivables:				
Accrued interest receivable	6,911,100	6,053,656	6,807,292	5,962,235
Sales contract receivables	6,240,309	6,029,384	6,198,127	5,980,029
Accounts receivable	5,478,103	4,191,402	4,380,640	3,579,515
Miscellaneous	559,099	596,037	539,032	1,295,454
	19,188,611	16,870,479	17,925,091	16,817,233
	632,044,696	646,294,512	617,440,856	631,724,738
Less allowance for credit losses (Note 16)	38,944,781	39,340,761	39,445,838	39,225,977
	P593,099,915	P606,953,751	P577,995,018	P592,498,761

Included in 'Surplus reserves' is the amount of P4.2 billion and P4.5 billion as of December 31, 2022 and 2021, respectively, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 25.3).



Below is the reconciliation of loans and receivables as to classes:

	Consolidated								
	2022								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱523,188,581	₱2,855,671	₱-	₱ 5,688,129	₱28,589,332	₱7,028,228	₱12,134,268	₱-	₱579,484,209
Credit card receivables	-	-	14,382,681	-	-	-	-	-	14,382,681
Customers' liabilities on letters of credit and trust receipts	9,756,981	-	-	74,244	-	-	547,236	-	10,378,461
Customers' liabilities on acceptances (Note 19)	7,254,333	-	-	10,482	-	-	8,061	-	7,272,876
Lease contracts receivable (Note 29)	251,200	-	-	622,678	-	-	-	-	873,878
Bills purchased (Note 22)	989,512	-	-	8,829	-	-	221,688	-	1,220,029
	541,440,607	2,855,671	14,382,681	6,404,362	28,589,332	7,028,228	12,911,253	-	613,612,134
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	6,911,100	6,911,100
Sales contract receivables (Note 33)	-	-	-	-	-	-	-	6,240,309	6,240,309
Accounts receivable	-	-	-	-	-	-	-	5,478,103	5,478,103
Miscellaneous	-	-	-	-	-	-	-	559,099	559,099
	541,440,607	2,855,671	14,382,681	6,404,362	28,589,332	7,028,228	12,911,253	19,188,611	632,800,745
Less: Unearned and other deferred income	444,999	10,479	-	104,108	309	(62,106)	256,303	1,957	756,049
Allowance for credit losses (Note 16)	24,679,610	74,637	1,288,228	1,565,064	4,347,845	1,520,319	1,262,007	4,207,071	38,944,781
	₱516,315,998	₱2,770,555	₱13,094,453	₱4,735,190	₱24,241,178	₱5,570,015	₱11,392,943	₱14,979,583	₱593,099,915

	Consolidated								
	2021								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱537,441,467	₱4,332,372	₱-	₱7,551,964	₱30,917,379	₱8,838,908	₱8,897,511	₱-	₱597,979,601
Credit card receivables	-	-	13,156,945	-	-	-	-	-	13,156,945
Customers' liabilities on letters of credit and trust receipts	8,236,285	-	-	79,015	-	-	-	-	8,315,300
Customers' liabilities on acceptances (Note 19)	7,107,448	-	-	2,448	-	-	-	-	7,109,896
Lease contracts receivable (Note 29)	768,872	-	-	1,841,270	-	-	5,850	-	2,615,992
Bills purchased (Note 22)	1,123,658	-	-	48,973	-	-	191,912	-	1,364,543
	554,677,730	4,332,372	13,156,945	9,523,670	30,917,379	8,838,908	9,095,273	-	630,542,277
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	6,053,656	6,053,656
Sales contract receivables (Note 33)	-	-	-	-	-	-	-	6,029,384	6,029,384
Accounts receivable	-	-	-	-	-	-	-	4,191,402	4,191,402
Miscellaneous	-	-	-	-	-	-	-	596,037	596,037
	554,677,730	4,332,372	13,156,945	9,523,670	30,917,379	8,838,908	9,095,273	16,870,479	647,412,756
Less: Unearned and other deferred income	603,496	12,659	-	184,765	(190)	74,135	240,624	2,755	1,118,244
Allowance for credit losses (Note 16)	25,630,373	78,695	2,407,927	1,815,980	3,432,766	1,478,746	967,208	3,529,066	39,340,761
	₱528,443,861	₱4,241,018	₱10,749,018	₱7,522,925	₱27,484,803	₱7,286,027	₱7,887,441	₱13,338,658	₱606,953,751

	Parent Company								
	2022								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱512,843,742	₱2,855,671	₱-	₱4,855,370	₱27,663,392	₱7,028,228	₱12,041,871	₱-	₱567,288,274
Credit card receivables	-	-	14,382,681	-	-	-	-	-	14,382,681
Customers' liabilities on letters of credit and trust receipts	9,627,076	-	-	74,244	-	-	547,236	-	10,248,556
Customers' liabilities on acceptances (Note 19)	7,254,333	-	-	10,482	-	-	8,061	-	7,272,876
Bills purchased (Note 22)	705,443	-	-	8,829	-	-	221,688	-	935,960
	530,430,594	2,855,671	14,382,681	4,948,925	27,663,392	7,028,228	12,818,856	-	600,128,347
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	6,807,292	6,807,292
Sales contract receivables	-	-	-	-	-	-	-	6,198,127	6,198,127
Accounts receivable	-	-	-	-	-	-	-	4,380,640	4,380,640
Miscellaneous	-	-	-	-	-	-	-	539,032	539,032
	530,430,594	2,855,671	14,382,681	4,948,925	27,663,392	7,028,228	12,818,856	17,925,091	618,053,438
Less: Unearned and other deferred income	397,855	10,479	-	8,545	-	(62,106)	256,303	1,506	612,582
Allowance for credit losses (Note 16)	25,961,987	74,637	1,288,228	1,004,130	4,336,786	1,520,319	1,261,966	3,997,785	39,445,838
	₱504,070,752	₱2,770,555	₱13,094,453	₱3,936,250	₱23,326,606	₱5,570,015	₱11,300,587	₱13,925,800	₱577,995,018



	Parent Company								
	2021								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱529,367,021	₱4,332,372	₱—	₱6,281,693	₱30,022,079	₱8,838,908	₱7,417,907	₱—	₱586,259,980
Credit card receivables	—	—	13,156,945	—	—	—	—	—	13,156,945
Customers' liabilities on letters of credit and trust receipts	8,064,266	—	—	79,015	—	—	—	—	8,143,281
Customers' liabilities on acceptances (Note 19)	7,107,448	—	—	2,448	—	—	—	—	7,109,896
Lease contracts receivable (Note 29)	—	—	—	—	—	—	5,850	—	5,850
Bills purchased (Note 22)	847,077	—	—	48,973	—	—	191,911	—	1,087,961
	545,385,812	4,332,372	13,156,945	6,412,129	30,022,079	8,838,908	7,615,668	—	615,763,913
Other receivables:									
Accrued interest receivable	—	—	—	—	—	—	—	5,962,235	5,962,235
Sales contract receivables	—	—	—	—	—	—	—	5,980,029	5,980,029
Accounts receivable	—	—	—	—	—	—	—	3,579,515	3,579,515
Miscellaneous	—	—	—	—	—	—	—	1,295,454	1,295,454
	545,385,812	4,332,372	13,156,945	6,412,129	30,022,079	8,838,908	7,615,668	16,817,233	632,581,146
Less: Unearned and other deferred income	518,725	12,659	—	8,150	(190)	74,135	240,624	2,305	856,408
Allowance for credit losses (Note 16)	26,900,880	78,695	2,407,927	653,014	3,414,969	1,478,746	954,262	3,337,484	39,225,977
	₱517,966,207	₱4,241,018	₱10,749,018	₱5,750,965	₱26,607,300	₱7,286,027	₱6,420,782	₱13,477,444	₱592,498,761

As of December 31, 2022, the Parent Company has completed the purchase of certain loans from PNB-Mizuho Leasing and Finance Corporation (PMLFC), a joint venture company owned by the Parent Company and Mizuho Leasing Co., Ltd., with a total amount of ₱116.3 million.

10.2 Lease Contract Receivables

An analysis of the Group's and the Parent Company's lease contract receivables follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Minimum lease payments				
Due within one year	₱446,485	₱1,232,961	₱—	₱5,850
Due beyond one year but not over five years	196,987	643,821	—	—
Due beyond five years	—	14,344	—	—
	643,472	1,891,126	—	5,850
Residual value of leased equipment				
Due within one year	107,634	505,784	—	—
Due beyond one year but not over five years	122,772	219,082	—	—
	230,406	724,866	—	—
Gross investment in lease contract receivables (Note 29)	₱873,878	₱2,615,992	₱—	₱5,850

10.3 Interest Income on Loans and Receivables

As of December 31, 2022 and 2021, 69.5% and 69.4%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2022 and 2021, 70.5% and 68.3%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% in 2022, from 1.0% to 9.0% in 2021 and from 1.1% to 9.0% in 2020 for foreign currency-denominated receivables, and from 1.1% to 31.5% in 2022, from 1.1% to 31.5% in 2021 and from 1.1% to 21.0% in 2020 for peso-denominated receivables.

Sales contract receivables bear fixed interest rates per annum ranging from 4.2% to 20.2% in 2022 and from 3.3% to 21.0% in 2021 and 2020.



11. Property and Equipment

11.1 Details of Property and Equipment

The composition of and movements in property and equipment follow:

Consolidated 2022								
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-progress	Leasehold Improvements	Right-of- Use Asset – Bank Premises (Note 33)	Total
Cost								
Balance at beginning of year	P5,143,242	P3,634,023	P8,719,235	P571,906	P378,559	P2,008,756	P5,390,721	P25,846,442
Additions	–	45,380	300,223	–	135,284	66,196	803,905	1,350,988
Disposals	(413)	–	(459,135)	–	–	–	–	(459,548)
Transfers/others	(1,647)	7,965	(158,870)	24,225	(195,456)	(164,710)	(367,364)	(855,857)
Balance at end of year	5,141,182	3,687,368	8,401,453	596,131	318,387	1,910,242	5,827,262	25,882,025
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,053,670	5,558,050	62,882	–	1,885,809	1,644,824	11,205,235
Depreciation and amortization	–	182,676	1,117,484	5,769	–	160,907	1,205,712	2,672,548
Disposals	–	–	(386,208)	–	–	–	–	(386,208)
Transfers/others	–	16,828	(257,988)	11,186	–	(146,832)	(375,178)	(751,984)
Balance at end of year	–	2,253,174	6,031,338	79,837	–	1,899,884	2,475,358	12,739,591
Allowance for Impairment Losses (Note 16)	543,175	625,712	–	–	–	–	–	1,168,887
Net Book Value at End of Year	P4,598,007	P808,482	P2,370,115	P516,294	P318,387	P10,358	P3,351,904	P11,973,547

Consolidated 2021								
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-progress	Leasehold Improvements	Right-of- Use Asset – Bank Premises (Note 33)	Total
Cost								
Balance at beginning of year	P11,681,540	P7,306,064	P8,021,090	P558,206	P450,453	P1,831,386	P2,402,907	P32,251,646
Additions	–	52,562	958,466	–	21,483	88,230	3,352,354	4,473,095
Disposals	(6,903,931)	(4,996,308)	(227,513)	–	–	–	–	(12,127,752)
Transfers/others	365,633	1,271,705	(32,808)	13,700	(93,377)	89,140	(364,540)	1,249,453
Balance at end of year	5,143,242	3,634,023	8,719,235	571,906	378,559	2,008,756	P5,390,721	25,846,442
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	3,539,412	4,729,038	51,455	–	1,707,836	1,176,303	11,204,044
Depreciation and amortization	–	377,186	1,000,213	5,362	–	191,025	564,168	2,137,954
Disposals	–	(2,313,920)	(129,362)	–	–	–	–	(2,443,282)
Transfers/others	–	450,992	(41,839)	6,065	–	(13,052)	(95,647)	306,519
Balance at end of year	–	2,053,670	5,558,050	62,882	–	1,885,809	1,644,824	11,205,235
Allowance for Impairment Losses (Note 16)	543,175	625,712	–	–	–	–	–	1,168,887
Net Book Value at End of Year	P4,600,067	P954,641	P3,161,185	P509,024	P378,559	P122,947	P3,745,897	P13,472,320

	Parent Company						
	2022						
	Land	Building	Furniture, Fixtures and Equipment	Construction in-progress	Leasehold Improvements	Right-of- Use Asset – Bank Premises (Note 33)	Total
Cost							
Balance at beginning of year	P5,143,242	P3,560,275	P6,647,669	P378,560	P1,902,569	P5,812,506	P23,444,821
Additions	–	45,380	289,121	135,284	66,196	803,905	1,339,886
Disposals	(413)	–	(233,905)	–	–	–	(234,318)
Transfers/others	(1,647)	4,479	(169,363)	(195,457)	(167,372)	(353,768)	(883,128)
Balance at end of year	5,141,182	3,610,134	6,533,522	318,387	1,801,393	6,262,643	23,667,261
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,041,441	4,474,160	–	1,813,420	2,133,922	10,462,943
Depreciation and amortization	–	181,529	912,988	–	156,953	1,159,332	2,410,802
Disposals	–	–	(233,799)	–	–	–	(233,799)
Transfers/others	–	14,997	(255,263)	–	(169,815)	(350,524)	(760,605)
Balance at end of year	–	2,237,967	4,898,086	–	1,800,558	2,942,730	11,879,341
Allowance for Impairment Losses (Note 16)	543,175	625,712	–	–	–	–	1,168,887
Net Book Value at End of Year	P4,598,007	P746,455	P1,635,436	P318,387	P835	P3,319,913	P10,619,033



Parent Company							
2021							
	Land	Building	Furniture, Fixtures and Equipment	Construction in-progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Note 33)	Total
Cost							
Balance at beginning of year	₱11,681,540	₱7,234,289	₱6,217,199	₱450,452	₱1,733,319	₱2,335,489	₱29,652,288
Additions	–	52,562	514,992	21,483	86,693	3,350,486	4,026,216
Disposals	(6,903,931)	(4,996,308)	(42,151)	–	–	–	(11,942,390)
Transfers/others	365,633	1,269,732	(42,371)	(93,375)	82,557	126,531	1,708,707
Balance at end of year	5,143,242	3,560,275	6,647,669	378,560	1,902,569	5,812,506	23,444,821
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	3,529,281	3,797,886	–	1,645,854	1,103,399	10,076,420
Depreciation and amortization	–	376,090	764,403	–	184,959	510,723	1,836,175
Disposals	–	(2,313,920)	(42,105)	–	–	–	(2,356,025)
Transfers/others	–	449,990	(46,024)	–	(17,393)	519,800	906,373
Balance at end of year	–	2,041,441	4,474,160	–	1,813,420	2,133,922	10,462,943
Allowance for Impairment Losses (Note 16)	543,175	625,712	–	–	–	–	1,168,887
Net Book Value at End of Year	₱4,600,067	₱893,122	₱2,173,509	₱378,560	₱89,149	₱3,678,584	₱11,812,991

The total recoverable value of certain property and equipment of the Group and the Parent Company for which impairment loss has been recognized or reversed amounted to ₱1.2 billion as of December 31, 2022 and and ₱1.5 billion as of December 31, 2021.

Certain property and equipment of the Parent Company with carrying amount of ₱75.6 million and ₱92.6 million are temporarily idle as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, property and equipment of the Parent Company with gross carrying amount of ₱12.6 billion are fully depreciated but are still being used.

Gain (loss) on disposal of property and equipment in 2022, 2021 and 2020 amounted to ₱34.9 million, ₱8.4 million, and ₱7.8 million, respectively, for the Group and ₱32.0 million, (₱0.8 million) and ₱1.3 million, respectively, for the Parent Company (refer to Note 26.2).

11.2 Depreciation and Amortization

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Depreciation						
Property and equipment (Note 33)	₱2,672,548	₱2,137,954	₱2,322,515	₱2,410,802	₱1,836,175	₱1,897,919
Investment properties (Note 13)	152,917	76,575	259,128	128,095	55,337	167,536
Chattel mortgage properties	6,375	2,717	14,188	–	–	–
Amortization of intangible assets (Note 14)	1,393,906	628,471	558,737	1,370,523	607,559	541,814
	4,225,746	2,845,717	3,154,568	3,909,420	2,499,071	2,607,269
Discontinued operations (Note 36):						
Investment properties	–	42,450	711	–	–	–
Property and equipment	–	6,592	26,761	–	–	–
Intangible assets	–	–	2,101	–	–	–
	–	49,042	29,573	–	–	–
	₱4,225,746	₱2,894,759	₱3,184,141	₱3,909,420	₱2,499,071	₱2,607,269

11.3 Project Real Estate (Project RE)

On September 10, 2020, the Parent Company's BOD approved Project RE, which is the Parent Company's strategic plan to realize the market value of certain real estate properties with a total carrying value of ₱12.6 billion booked under 'Property and equipment' amounting to ₱8.4 billion and 'Investment property' amounting to ₱4.2 billion (refer to Note 13). Project RE aims to reduce the low-earning assets of the Parent Company to strengthen its financial position. As part of a series of



transactions which will be carried out to meet the objectives of Project RE, on September 25, 2020, the Parent Company's BOD approved the subscription of additional 466,770,000 shares of PNB Holdings with a par value of ₱100 per share, to be issued out of an increase in the authorized capital stock of PNB Holdings, at a subscription price of ₱100 per share in exchange for the above real estate properties (refer to Note 12.4).

12. Investments in Subsidiaries and an Associate

The consolidated financial statements of the Group include:

		Principal Place of Business/Country of Incorporation	Functional Currency	Percentage of Ownership	
	Industry			Direct	Indirect
Subsidiaries					
Allied Integrated Holdings, Inc. (AIHI)	Holding Company	Philippines	PHP	100.00	—
PNB Capital and Investment Corporation (PNB Capital)	Investment	- do -	PHP	100.00	—
PNB Securities, Inc. (PNB Securities)	Securities Brokerage	- do -	PHP	100.00	—
PNB Corporation – Guam ^(a)	Remittance	USA	USD	100.00	—
PNB International Investments Corporation (PNB IIC)	Investment	- do -	USD	100.00	—
PNB Remittance Centers, Inc. (PNB RCI) ^(b)	Remittance	- do -	USD	—	100.00
PNB Remittance Co. (Nevada) ^(c)	Remittance	-do-	USD	—	100.00
PNB RCI Holding Co. Ltd. (PNB RHCL)	Holding Company	- do -	USD	—	100.00
PNB Remittance Co. (Canada) ^(d)	Remittance	Canada	CAD	—	100.00
PNB Europe PLC (PNB Europe)	Banking	United Kingdom	GBP	100.00	—
Allied Commercial Bank (ACB)	Banking	China	CNY	99.04	—
PNB-Mizuho Leasing and Finance Corporation (PMLFC)	Leasing/Financing	Philippines	PHP	75.00	—
PNB-Mizuho Equipment Rentals Corporation ^(e)	Rental	- do -	PHP	—	75.00
PNB Global Remittance & Financial Co. (HK) Ltd. (PNB GRF)	Remittance	Hong Kong	HKD	100.00	—
Allied Banking Corporation (Hong Kong) Limited (ABCHKL)	Banking	- do -	HKD	51.00	—
ACR Nominees Limited ^(f)	Service	- do -	HKD	—	51.00
Oceanic Holding (BVI) Ltd.	Holding Company	British Virgin Islands	USD	27.78	—
Associate					
Allianz-PNB Life Insurance, Inc. (APLII)	Insurance	Philippines	PHP	44.00	—

^(a) Ceased operations on June 30, 2012 and license status became dormant thereafter

^(b) Owned through PNB IIC

^(c) Owned through PNB RCI

^(d) Owned through PNB RHCL

^(e) Owned through PMLFC

^(f) Owned through ABCHKL

The details of this account follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Investment in Subsidiaries				
ACB	₱—	₱—	₱6,087,520	₱6,087,520
AIHI	—	—	3,435,041	10,935,041
PNB IIC	—	—	2,028,202	2,028,202
PNB Europe PLC	—	—	1,327,393	1,327,393
ABCHKL	—	—	947,586	947,586
PNB Capital	—	—	850,000	850,000
PNB GRF	—	—	753,061	753,061
PMLFC	—	—	481,943	481,943
OHBVI	—	—	291,841	291,841
PNB Securities	—	—	62,351	62,351
PNB Corporation – Guam	—	—	7,672	7,672
	—	—	16,272,610	23,772,610
Investment in an Associate – APLII	3,365,089	2,973,089	3,365,089	2,973,089
Accumulated equity in net earnings (losses) of subsidiaries and an associate:				
Balance at beginning of year	214,939	164,150	(237,283)	63,633
Equity in net earnings (losses) for the year	(56,060)	50,789	747,341	(650,134)
Cash dividends declared by a subsidiary	—	—	(792,000)	(300,000)
Effect of loss of control over PNB Holdings	—	—	—	616,231
Effect of disposal group classified as held for sale (Note 36)	—	—	—	32,987
	158,879	214,939	(281,942)	(237,283)

(Forward)



	Consolidated		Parent Company	
	2022	2021	2022	2021
Accumulated share in:				
Aggregate reserves (losses) on life insurance policies	₱136,096	(₱626,394)	₱136,096	(₱626,394)
Net unrealized losses on financial assets at FVOCI (Note 9)	(979,407)	(93,926)	(968,953)	(66,165)
Accumulated translation adjustments	—	—	1,770,747	1,381,305
Remeasurement gain on retirement plan	8,107	399	90,457	78,289
	(835,204)	(719,921)	1,028,347	767,035
	₱2,688,764	₱2,468,107	₱20,384,104	₱27,275,451

In 2002, the Parent Company underwent a quasi-reorganization which was approved by the SEC on November 7, 2002. As of December 31, 2022 and 2021, the acquisition cost of the investments in the Parent Company's separate financial statements includes the balance of ₱2.1 billion consisting of the translation adjustment and accumulated equity in net earnings, net of dividends subsequently received from the quasi-reorganization date, that were closed to deficit on restructuring date and are not available for dividend declaration.

12.1 Investment in AIHI (formerly PNB Savings Bank or PNBSB)

On March 1, 2020, the Parent Company acquired the assets and assumed the liabilities of PNBSB in exchange for cash, equivalent to the fair values of the net assets acquired. The Parent Company recognized the net assets of PNBSB at their carrying values, and the excess of the carrying values over the settlement price amounting to ₱390.5 million is accounted for as 'Other equity reserves' in the parent company financial statements. On March 5, 2020, PNBSB surrendered its banking license to the BSP.

On October 28, 2020, the BOD of PNBSB approved, among others, the change in the name of the corporation from "PNB Savings Bank" to "Allied Integrated Holdings, Inc." and the shortening of the corporation's term to December 31, 2022. On December 3, 2020, the Monetary Board (MB) of the BSP approved the conversion of PNBSB to a holding company and on February 23, 2021, the SEC approved the change of the corporate name.

On February 10, 2022, the SEC approved the decrease of AIHI's authorized capital stock from ₱15.0 billion divided into 149,975,000 common shares with par value of ₱100 each and 25,000 preferred shares with par value of ₱100 each to ₱3.0 billion divided into 30,000,000 common shares with par value of ₱100 each. Consequently, on February 18, 2022, out of the ₱10.5 billion subscribed and paid-up capital of the Parent Company in AIHI, the latter returned ₱7.5 billion to the Parent Company.

12.2 Investment in PNB Capital

On December 16, 2022 and December 17, 2021, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱792.0 million and ₱300.0 million, which were subsequently paid to the Parent Company on December 22, 2022 and June 29, 2022, respectively.

12.3 Investment in PMLFC

On June 24, 2022, the BOD of the Parent Company approved the proposal to amend the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024, subject to necessary approvals. On December 23, 2022 the SEC approved the above amendment. The Parent Company and its joint venture partner, Mizuho Leasing Co. Ltd., mutually agreed to wind down operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry.



As of December 31, 2022 and 2021, the carrying value of the Parent Company's equity investment in PMLFC is already reduced to nil. However, by virtue of the Parent Company's commitment to provide further funding in PMLFC, the Parent Company recognized additional losses amounting to ₱95.5 million and ₱164.5 million in 2022 and 2021, respectively and representing its share in the accumulated net losses of PMLFC. Further, the Parent Company recognized provision for liability amounting to ₱649.7 million and ₱125.1 million relating to the undrawn loan commitments of PMLFC as of December 31, 2022 and 2021, respectively, recorded under 'Other liabilities' in the statement of financial position (refer to Notes 22 and 33).

12.4 Investment in PNB Holdings

On January 13, 2021, the SEC approved the increase in the authorized capital stock of PNB Holdings from ₱500.0 million divided into 5,000,000 shares with par value of ₱100 per share, to ₱50.5 billion divided into 505,000,000 shares with the same par value. On the same date, the Parent Company proceeded with the subscription of additional 466,770,000 shares of PNB Holdings shares in exchange for certain real estate properties with fair values of ₱46.7 billion (refer to Notes 11.3 and 13).

On April 23, 2021, the Parent Company's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion.

On December 24, 2021, the SEC approved the property dividend declaration. On the same date, the Parent Company assessed that it has lost control over PNB Holdings, and accordingly classified its retained interest of 49.00% in PNB Holdings as financial asset at FVOCI with no recycling to profit or loss, in accordance with PFRS 9. Such investment was remeasured from its carrying amount of ₱6.6 billion to its fair value as of December 24, 2021 of ₱23.0 billion, resulting in a gain on remeasurement of ₱16.5 billion and ₱16.4 billion in the consolidated and parent company financial statements, respectively (refer to Note 33).

Further, the Group and the Parent Company recognized gain on loss of control over PNB Holdings of ₱17.0 billion and ₱17.1 billion in the consolidated and parent company financial statements, respectively. On December 21, 2021, the Parent Company was able to secure ruling from the Bureau of Internal Revenue (BIR) that the transfer of properties to PNB Holdings is not subject to tax, except for documentary stamps tax (DST). Further, on March 10, 2022, the Parent Company was able to secure another ruling from the BIR that the property dividends distribution is exempt from tax, except for DST.

The Parent Company was able to demonstrate loss of control over PNB Holdings because of the following:

- Declaration of 51.00% ownership in PNB Holdings as property dividends
- Execution of proxy in favor of LTG for the remaining 49.00% held by the Group
- Election of new BOD made by the stockholders of PNB Holdings in January 2021, effectively resulting in the Group having no representations in the BOD of PNB Holdings
- Appointment of key management personnel by the BOD of PNB Holdings, resulting in the Group having no officers and staff participating in the day-to-day operations of PNB Holdings
- Approval of the SEC of the property dividend declaration and distribution to all stockholders as of May 18, 2021



The foregoing corporate actions were taken by PNB and LTG to allow PNB to focus on its core banking business. Accordingly, these factors demonstrate that the Group no longer exercises control over PNB Holdings as certain elements of control under PFRS 10, *Consolidated Financial Statements*, are no longer demonstrated. The Group also reclassified the results of operations of PNB Holdings as discontinued operations (refer to Note 36.2).

Further, the Group no longer has a significant influence over PNB Holdings by virtue of the execution of a proxy in favor of LTG to vote all shares registered in the name of PNB on any and all matters in the Annual Stockholders' Meeting of PNB Holdings and the fact that LTG controls both PNB and PNB Holdings.

12.5 Investment in PNB General Insurers Co., Inc. (PNB Gen)

On December 29, 2020, the Parent Company and PNB Holdings entered into a Sale and Purchase Agreement (SPA) for the sale of all their respective shareholdings in PNB Gen to Alliedbankers Insurance Corporation (ABIC), an affiliate, for a total purchase price of ₱1.5 billion, which was paid as follows:

- PNB Holdings Purchase Price (₱521.8 million) – fully paid on December 28, 2020
- PNB Purchase Price (₱1.0 billion) – paid in four tranches until April 30, 2021, earning interest at 6.00% per annum

The SPA also provides for a grant of an exclusive bancassurance arrangement with ABIC with a minimum guaranteed term of 15 years for an additional consideration of ₱50.0 million, on top of the total purchase price.

On December 29, 2020, the Insurance Commission approved the above transaction. As of December 31, 2020, only the sale of PNB Holdings of its shares in PNB Gen met all the closing conditions for the sale. Accordingly, PNB Holdings closed and completed the sale of its 34.25% shareholdings in PNB Gen, recognizing gain on sale of ₱344.7 million, which is included under 'Equity in net earnings of subsidiaries' in the 2020 parent company statement of income, but treated as an equity transaction in the consolidated financial statements as 'Other equity reserves'.

In 2021, the Group and the Parent Company recognized loss on sale of its shares in PNB Gen amounting to ₱149.5 million and ₱134.9 million, respectively, recorded under 'Gain on loss of control of subsidiaries - net'. The Parent Company also received interest income of ₱14.1 million from ABIC for this transaction (refer to Note 33.1).

12.6 Material Non-Controlling Interests

Proportion of equity interest held by material NCI follows:

	Principal Activities	Equity interest of NCI		Accumulated balances of material NCI		Profit allocated to material NCI	
		2022	2021	2022	2021	2022	2021
ABCHKL	Banking	49.00%	49.00%	₱2,179,752	₱1,912,800	₱79,115	₱65,399
OHBVI	Holding Company	72.22%	72.22%	1,079,035	985,794	1,239	201



The following table presents financial information of ABCHKL as of December 31, 2022 and 2021:

	2022	2021
Statement of Financial Position		
Current assets	₱9,548,596	₱8,426,632
Non-current assets	2,282,698	2,583,273
Current liabilities	6,616,975	6,299,157
Non-current liabilities	834,454	807,075
Statement of Comprehensive Income		
Revenues	₱415,387	₱374,407
Expenses	253,928	240,940
Net income	161,459	133,467
Total comprehensive income	502,413	320,506
Statement of Cash Flows		
Net cash provided by operating activities	₱610,988	₱543,634
Net cash provided by (used in) investing activities	21,293	(320)
Net cash used in financing activities	—	(6,768)

The following table presents financial information of OHBVI as of December 31, 2022 and 2021:

	2022	2021
Statement of Financial Position		
Current assets	₱1,494,051	₱1,364,988
Statement of Comprehensive Income		
Revenues/Net income/Total comprehensive income	₱1,715	₱278
Statement of Cash Flows		
Net cash provided by operating activities	₱129,062	₱79,927

The Parent Company determined that it controls OHBVI through its combined voting rights of 70.56% which arises from its direct ownership of 27.78% and voting rights of 42.78% assigned by certain stockholders of OHBVI to the Parent Company through a voting trust agreement.

12.7 Investment in APLII

On June 6, 2016, the Parent Company entered into agreements with Allianz SE (Allianz), a German company engaged in insurance and asset management, for the sale of the 51.00% interest in PNB Life Insurance, Inc. (PNB Life) for a total consideration of USD66.0 million to form a new joint venture company named “Allianz-PNB Life Insurance, Inc.”; and a 15-year exclusive distribution access to the branch network of the Parent Company and PNBSB (Exclusive Distribution Rights or EDR).

The purchase consideration of USD66.0 million was allocated between the sale of the 51.00% interest in PNB Life and the EDR amounting to USD44.9 million (₱2.1 billion) and USD21.1 million (₱1.0 billion), respectively. The consideration allocated to the EDR was recognized as ‘Deferred revenue - Bancassurance’ (Note 22) and is amortized to income over 15 years from date of sale. The Parent Company also receives variable annual and fixed bonus earn-out payments based on milestones achieved over the 15-year term of the distribution agreement.



After receiving respective approvals from the BSP on December 6, 2022 and June 14, 2021, the Parent Company recorded additional investments in APLII amounting to ₱392.0 million and ₱245.0 million, respectively.

Summarized financial information of APLII as of December 31, 2022 and 2021 follows:

	2022	2021
Current assets	₱1,452,894	₱2,189,208
Noncurrent assets	90,446,895	76,895,902
Total assets	91,899,789	79,085,110
Current liabilities	1,535,802	3,217,567
Noncurrent liabilities	87,928,050	73,827,220
Total liabilities	89,463,852	77,044,787
Net assets	2,435,937	2,040,323
Percentage of ownership of the Group	44%	44%
Share in the net assets of the associate	₱1,071,812	₱897,742

The difference between the share in the net assets of APLII and the carrying value of the investments represents premium on acquisition/retained interest.

Summarized statement of comprehensive income of APLII in 2022 and 2021 follows:

	2022	2021
Revenues	₱4,344,038	₱3,729,488
Costs and expenses	4,486,380	3,614,058
Net income (loss)	(142,342)	115,430
Other comprehensive loss	(262,006)	(313,853)
Total comprehensive loss	(₱404,348)	(₱198,423)
Group's share in comprehensive loss for the year	(₱177,913)	(₱87,306)

12.8 Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory supervisory frameworks within which insurance and banking subsidiaries operate.

13. Investment Properties

This account consists of real properties as follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Foreclosed or acquired in settlement of loans	₱13,615,263	₱10,556,014	₱13,085,097	₱9,998,445
Held for lease	179,723	179,882	179,723	179,882
Total	₱13,794,986	₱10,735,896	₱13,264,820	₱10,178,327



The composition of and movements in this account follow:

Consolidated			
2022			
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱11,531,525	₱3,126,505	₱14,658,030
Additions	4,013,930	327,627	4,341,557
Disposals	(1,087,296)	(88,890)	(1,176,186)
Transfers/others	12,978	(27,682)	(14,704)
Balance at end of year	14,471,137	3,337,560	17,808,697
Accumulated Depreciation			
Balance at beginning of year	—	1,717,312	1,717,312
Depreciation (Note 11)	—	152,917	152,917
Disposals	—	(35,454)	(35,454)
Transfers/others	—	3,267	3,267
Balance at end of year	—	1,838,042	1,838,042
Allowance for Impairment Losses (Note 16)	1,963,086	212,583	2,175,669
Net Book Value at End of Year	₱12,508,051	₱1,286,935	₱13,794,986

Consolidated			
2021			
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,840,368	₱4,354,738	₱19,195,106
Additions	280,030	244,693	524,723
Disposals	(3,600,962)	(1,324,806)	(4,925,768)
Transfers/others	12,089	(148,120)	(136,031)
Balance at end of year	11,531,525	3,126,505	14,658,030
Accumulated Depreciation			
Balance at beginning of year	—	2,165,680	2,165,680
Depreciation (Note 11)	—	76,575	76,575
Disposals	—	(502,878)	(502,878)
Transfers/others	—	(22,065)	(22,065)
Balance at end of year	—	1,717,312	1,717,312
Allowance for Impairment Losses (Note 16)	1,948,609	256,213	2,204,822
Net Book Value at End of Year	₱9,582,916	₱1,152,980	₱10,735,896

Parent Company			
2022			
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱11,001,803	₱2,947,345	₱13,949,148
Additions	4,013,930	327,618	4,341,548
Disposals	(1,087,296)	(88,890)	(1,176,186)
Transfers/others	(12,964)	2,614	(10,350)
Balance at end of year	13,915,473	3,188,687	17,104,160
Accumulated Depreciation			
Balance at beginning of year	—	1,595,151	1,595,151
Depreciation (Note 11)	—	128,095	128,095
Disposals	—	(35,454)	(35,454)
Transfers/others	—	580	580
Balance at end of year	—	1,688,372	1,688,372
Allowance for Impairment Losses (Note 16)	1,962,374	188,594	2,150,968
Net Book Value at End of Year	₱11,953,099	₱1,311,721	₱13,264,820



	Parent Company		
	2021		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,322,250	₱4,215,771	₱18,538,021
Additions	280,030	54,381	334,411
Disposals	(3,600,962)	(1,324,806)	(4,925,768)
Transfers/others	485	1,999	2,484
Balance at end of year	11,001,803	2,947,345	13,949,148
Accumulated Depreciation			
Balance at beginning of year	–	2,042,691	2,042,691
Depreciation (Note 11)	–	55,337	55,337
Disposals	–	(502,877)	(502,877)
Balance at end of year	–	1,595,151	1,595,151
Allowance for Impairment Losses (Note 16)	1,947,897	227,773	2,175,670
Net Book Value at End of Year	₱9,053,906	₱1,124,421	₱10,178,327

Included in the real estate properties transferred to PNB Holdings in exchange for 466,770,000 shares of PNB Holdings are investment properties with carrying value of ₱4.2 billion (refer to Notes 11.3 and 12.4).

Foreclosed properties of the Parent Company still subject to redemption period by the borrowers amounted to ₱199.9 million and ₱229.8 million, as of December 31, 2022 and 2021, respectively. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made. The Group and the Parent Company are exerting continuing efforts to dispose these properties.

The total recoverable value of certain investment properties of the Group and the Parent Company that were impaired amounted to ₱7.4 billion and ₱4.7 billion as of December 31, 2022 and 2021, respectively.

For the Group and the Parent Company, direct operating expenses on investment properties that generated rental income during the year (other than depreciation and amortization), included under 'Litigation and assets acquired expenses', amounted to ₱29.2 million, ₱28.2 million and ₱6.0 million in 2022, 2021, and 2020, respectively. Direct operating expenses on investment properties that did not generate rental income included under 'Litigation and assets acquired expenses', amounted to ₱208.3 million, ₱173.3 million and ₱204.6 million in 2022, 2021, and 2020, respectively (refer to Note 27. 2).



14. Goodwill and Intangible Assets

These accounts consist of:

Consolidated					
2022					
Intangible Assets with Finite Lives					
	CDI	CRI	Software Cost	Total	Goodwill
Cost					
Balance at beginning of year	₱1,897,789	₱391,943	₱4,705,633	₱6,995,365	₱11,221,410
Additions	—	—	881,572	881,572	—
Others	—	—	(106,242)	(106,242)	—
Balance at end of year	1,897,789	391,943	5,480,963	7,770,695	11,221,410
Accumulated Amortization					
Balance at beginning of year	1,687,978	391,943	2,486,010	4,565,931	—
Amortization (Note 11)	189,779	—	1,204,127	1,393,906	—
Others	—	—	(53,064)	(53,064)	—
Balance at end of year	1,877,757	391,943	3,637,073	5,906,773	—
Net Book Value at End of Year	₱20,032	₱—	₱1,843,890	₱1,863,922	₱11,221,410

Consolidated					
2021					
Intangible Assets with Finite Lives					
	CDI	CRI	Software Cost	Total	Goodwill
Cost					
Balance at beginning of year	₱1,897,789	₱391,943	₱4,134,403	₱6,424,135	₱11,221,410
Additions	—	—	655,455	655,455	—
Others	—	—	(84,225)	(84,225)	—
Balance at end of year	1,897,789	391,943	4,705,633	6,995,365	11,221,410
Accumulated Amortization					
Balance at beginning of year	1,498,199	391,943	2,021,980	3,912,122	—
Amortization (Note 11)	189,779	—	438,692	628,471	—
Others	—	—	25,338	25,338	—
Balance at end of year	1,687,978	391,943	2,486,010	4,565,931	—
Net Book Value at End of Year	₱209,811	₱—	₱2,219,623	₱2,429,434	₱11,221,410

Parent Company					
2022					
Intangible Assets with Finite Lives					
	CDI	CRI	Software Cost	Total	Goodwill
Cost					
Balance at beginning of year	₱1,897,789	₱391,943	₱5,679,926	₱7,969,658	₱11,361,768
Additions	—	—	848,426	848,426	—
Others	—	—	(105,306)	(105,306)	—
Balance at end of year	1,897,789	391,943	6,423,046	8,712,778	11,361,768
Accumulated Amortization					
Balance at beginning of year	1,687,978	391,943	3,560,780	5,640,701	—
Amortization (Note 11)	189,779	—	1,180,744	1,370,523	—
Others	—	—	(52,062)	(52,062)	—
Balance at end of year	1,877,757	391,943	4,689,462	6,959,162	—
Net Book Value at End of Year	₱20,032	₱—	₱1,733,584	₱1,753,616	₱11,361,768

Parent Company					
2021					
Intangible Assets with Finite Lives					
	CDI	CRI	Software Cost	Total	Goodwill
Cost					
Balance at beginning of year	₱1,897,789	₱391,943	₱5,167,531	₱7,457,263	₱11,361,768
Additions	—	—	612,515	612,515	—
Others	—	—	(100,120)	(100,120)	—
Balance at end of year	1,897,789	391,943	5,679,926	7,969,658	11,361,768

(Forward)



	Parent Company				
	2021				
	Intangible Assets with Finite Lives				Goodwill
	CDI	CRI	Software Cost	Total	
Accumulated Amortization					
Balance at beginning of year	₱1,498,199	₱391,943	₱3,128,461	₱5,018,603	₱—
Amortization (Note 11)	189,779	—	417,780	607,559	—
Others	—	—	14,539	14,539	—
Balance at end of year	1,687,978	391,943	3,560,780	5,640,701	—
Net Book Value at End of Year	₱209,811	₱—	₱2,119,146	₱2,328,957	₱11,361,768

14.1 CDI and CRI

CDI and CRI are the intangible assets acquired through the merger of the Parent Company with Allied Banking Corporation (ABC). CDI includes the stable level of deposit liabilities of ABC which is considered as favorably priced source of funds by the Parent Company. CRI pertains to ABC's key customer base which the Parent Company expects to bring more revenue through loan availments. CDI is allocated to Retail Banking CGU while CRI is allocated to Corporate Banking CGU. CDI and CRI are assessed for impairment where indicator(s) of objective evidence of impairment has been identified.

14.2 Software Cost

Software cost as of December 31, 2022 and 2021 includes capitalized development costs amounting to ₱2.0 billion, related to the Parent Company's core banking system.

14.3 Goodwill

The Parent Company accounted for the business combination with ABC under the acquisition method of PFRS 3. The Group has elected to measure the NCI in the acquiree at proportionate share of identifiable assets and liabilities. The business combination resulted in the recognition of goodwill amounting to ₱13.4 billion, allocated to the three CGUs which are also reportable segments.

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment test is done by comparing the recoverable amount of each CGU with its carrying amount. The carrying amount of a CGU is derived based on its net assets plus the amount of goodwill allocated to the CGU. The recoverable amount is the higher of a CGU's fair value less costs to sell and its VIU. In 2021, the goodwill impairment test performed by the Parent Company resulted in an impairment in value of ₱2.2 billion in the Corporate Banking segment (recorded under 'Provision for impairment, credit and other losses') with the recoverable amount being lower than its carrying amount. As of December 31, 2022 and 2021, goodwill for each CGU amounted to:

	Gross Carrying Amount	Impairment in Value	Net Carrying Amount
Retail Banking	₱6,110,312	₱—	₱6,110,312
Corporate Banking	4,190,365	2,153,997	2,036,368
Treasury	3,074,730	—	3,074,730
	₱13,375,407	₱2,153,997	₱11,221,410



The recoverable amounts of the CGUs have been determined on the basis of the VIU calculation using the discounted cash flows (DCF) model. The DCF model uses earnings projections based on financial budgets approved by senior management and the BOD of the Parent Company covering a three-year period and are discounted to their present value. Estimating future earning involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment.

The following rates were applied to the cash flow projections:

	2022			2021		
	Retail Banking	Corporate Banking	Treasury	Retail Banking	Corporate Banking	Treasury
Pre-tax discount rate	13.23%	13.23%	11.23%	10.48%	10.48%	8.32%
Projected growth rate	5.50%	5.50%	5.50%	6.60%	6.60%	6.60%

The calculation of VIU is most sensitive to estimates of future cash flows from the business, interest margin, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

The discount rate applied have been determined based on cost of equity for Retail and Corporate Banking segments and weighted average cost of capital (WACC) for Treasury segment. WACC is computed by multiplying the cost of equity and the post-tax cost of debt by their relevant weights using debt-equity mix of comparable listed banks, and adding the products together. The cost of equity is derived using the capital asset pricing model which is comprised of a market risk premium, risk-free interest rate and the beta factor, all of which were obtained from external sources of information. The post-tax cost of debt is comprised of the risk-free interest rate and the Group's credit spread, after applying the prevailing corporate income tax.

As of December 31, 2022, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

15. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Financial				
Return checks and other cash items	₱46,253	₱133,631	₱46,253	₱133,631
Security deposits (Note 33)	18,309	12,984	—	—
Miscellaneous	5,769	3,407	5,207	2,711
	70,331	150,022	51,460	136,342
Nonfinancial				
Deferred charges (Note 33)	1,477,860	1,065,090	1,472,352	1,053,876
Creditable withholding taxes	856,206	1,686,145	612,550	1,436,059
Real estate inventories held under development (Note 33)	638,875	638,875	638,875	638,875
Prepaid expenses	340,243	645,222	276,417	587,871
Documentary stamps on hand	317,932	357,884	317,378	356,586
Chattel mortgage properties - net of depreciation	211,619	227,187	82,012	99,691
Stationeries and supplies	81,073	87,651	80,838	87,476
Input value-added tax	75,276	119,762	—	—
Other investments	26,276	30,760	22,517	27,270
Dividends receivable (Note 12)	—	—	—	300,000
Miscellaneous (Note 28)	1,101,671	868,538	869,644	847,524
	5,127,031	5,727,114	4,372,583	5,435,228
	5,197,362	5,877,136	4,424,043	5,571,570
Less allowance for credit and impairment losses (Note 16)	1,041,840	1,069,216	1,025,047	1,046,072
	₱4,155,522	₱4,807,920	₱3,398,996	₱4,525,498



‘Deferred charges’ include the share of the Group in the cost of transportation equipment acquired under the Group’s car plan which shall be amortized monthly.

‘Real estate inventories held under development’ represents parcels of land contributed by the Parent Company under joint arrangements with real estate developers to be developed as residential condominium units and subdivision lots.

‘Chattel mortgage properties’ pertain to motor vehicles, equipment and assets other than real estate properties, which were acquired by the Group in settlement of loans. As of December 31, 2022 and 2021, accumulated depreciation on the chattel mortgage properties amounted to ₱229.1 million and ₱241.8 million, respectively, for the Group and ₱215.3 million and ₱227.5 million, respectively, for the Parent Company. As of December 31, 2022 and 2021, the total recoverable value of certain chattel mortgage properties of the Group and the Parent Company that were impaired is at ₱1.2 million and ₱0.9 million, respectively.

‘Miscellaneous financial assets’ include revolving fund, petty cash fund and miscellaneous cash and other cash items. ‘Miscellaneous nonfinancial assets’ include postages, refundable deposits, notes taken for interest and sundry debits.

16. Impairment, Credit and Other Losses

16.1 Provision for Impairment, Credit and Other Losses

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Provision for credit losses	₱7,159,781	₱10,980,450	₱16,054,991	₱7,171,812	₱11,220,504	₱15,723,927
Provision for (reversal of) impairment and other losses	38,336	(255,436)	827,630	133,841	(248,764)	810,408
Impairment in value of goodwill (Note 14)	—	2,153,997	—	—	2,153,997	—
	7,198,117	12,879,011	16,882,621	7,305,653	13,125,737	16,534,335
Discontinued operations (Note 36):						
Provision for credit and impairment losses	—	88,141	29,781	—	—	—
	₱7,198,117	₱12,967,152	₱16,912,402	₱7,305,653	₱13,125,737	₱16,534,335

16.2 Allowance for Impairment and Credit Losses

Changes in the allowance for credit losses on financial assets follow:

	Consolidated						
	2022						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Other Assets
Balance at beginning of year	₱3,644	₱10,593	₱6,579	₱134,151	₱3,822,166	₱39,340,761	₱500
Provisions (reversals)	(1,456)	(695)	(5,210)	(12,566)	25,684	7,154,524	(500)
Accounts charged-off	—	—	—	—	—	(2,785,836)	—
Loan settlement through dacion (Note 33)	—	—	—	—	—	(4,591,743)	—
Transfers and others	—	—	—	—	—	(172,925)	—
Balance at end of year	₱2,188	₱9,898	₱1,369	₱121,585	₱3,847,850	₱38,944,781	₱—



Consolidated								
2021								
Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Other Assets	Total	
Balance at beginning of year	P-	P9,898	P2,883	P67,399	P3,982,398	P32,414,652	P500	P36,477,730
Provisions (reversals)	3,644	695	3,696	66,752	(142,249)	11,047,912	-	10,980,450
Accounts charged-off	-	-	-	-	-	(1,439,313)	-	(1,439,313)
Sale of receivables (Note 26)	-	-	-	-	-	(2,520,236)	-	(2,520,236)
Transfers and others	-	-	-	-	(17,983)	(162,254)	-	(180,237)
Balance at end of year	P3,644	P10,593	P6,579	P134,151	P3,822,166	P39,340,761	P500	P43,318,394

Parent Company								
2022								
Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Other Assets	Total	
Balance at beginning of year	P3,644	P9,873	P6,579	P131,521	P3,822,166	P39,225,977	P500	P43,200,260
Provisions (reversals)	(1,456)	-	(5,210)	(12,069)	25,684	7,165,363	(500)	7,171,812
Accounts charged-off	-	-	-	-	-	(2,078,219)	-	(2,078,219)
Loan settlement through dacion (Note 33)	-	-	-	-	-	(4,591,743)	-	(4,591,743)
Transfers and others	-	-	-	-	-	(275,540)	-	(275,540)
Balance at end of year	P2,188	P9,873	P1,369	P119,452	P3,847,850	P39,445,838	P-	P43,426,570

Parent Company								
2021								
Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Other Assets	Total	
Balance at beginning of year	P-	P9,873	P2,883	P67,399	P3,982,398	P31,499,881	P500	P35,562,934
Provisions (reversals)	3,644	-	3,696	64,122	(142,249)	11,291,291	-	11,220,504
Accounts charged-off	-	-	-	-	-	(1,439,313)	-	(1,439,313)
Sale of receivables (Note 26)	-	-	-	-	-	(2,520,236)	-	(2,520,236)
Transfers and others	-	-	-	-	(17,983)	394,354	-	376,371
Balance at end of year	P3,644	P9,873	P6,579	P131,521	P3,822,166	P39,225,977	P500	P43,200,260

Movements in the allowance for impairment and other losses on nonfinancial assets follow:

Consolidated								
2022					2021			
Property and Equipment	Investment Properties	Other Assets	Total		Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	P1,168,887	P2,204,822	P1,068,716	P4,442,425	P1,168,887	P2,583,670	P1,040,096	P4,792,653
Provisions:								
Continuing operations	-	33,299	5,037	38,336	-	(238,052)	(17,384)	(255,436)
Discontinued operation	-	-	-	-	-	-	88,141	88,141
Disposals	-	(55,884)	(10,077)	(65,961)	-	(197,986)	(4,772)	(202,758)
Transfers and others	-	(6,568)	(21,836)	(28,404)	-	57,190	(37,365)	19,825
Balance at end of year	P1,168,887	P2,175,669	P1,041,840	P4,386,396	P1,168,887	P2,204,822	P1,068,716	P4,442,425

Parent Company								
2022					2021			
Property and Equipment	Investment Properties	Other Assets	Total		Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	P1,168,887	P2,175,670	P1,045,572	P4,390,129	P1,168,887	P2,573,532	P1,039,713	P4,782,132
Provisions (reversals)	-	33,299	100,542	133,841	-	(238,051)	(10,713)	(248,764)
Disposals	-	(55,884)	(3,725)	(59,609)	-	(197,986)	(4,772)	(202,758)
Transfers and others	-	(2,117)	(117,342)	(119,459)	-	38,175	21,344	59,519
Balance at end of year	P1,168,887	P2,150,968	P1,025,047	P4,344,902	P1,168,887	P2,175,670	P1,045,572	P4,390,129



The reconciliation of allowance for loans and receivables are shown below:

	Consolidated							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	P459,223	P859,753	P24,311,397	P25,630,373	P437,633	P690,482	P18,092,141	P19,220,256
Transfers to Stage 1	124,442	(122,231)	(2,211)	—	1,375,088	(51,070)	(1,324,018)	—
Transfers to Stage 2	(13,026)	7,561,264	(7,548,238)	—	(21,796)	170,627	(148,831)	—
Transfers to Stage 3	(2,707)	(181,214)	183,921	—	(41,035)	(97,886)	138,921	—
Provisions (reversals)	1,040,999	(1,848,298)	4,928,180	4,120,881	1,136,551	501,195	10,381,492	12,019,238
Accounts charged off	—	—	(48,784)	(48,784)	—	—	(1,100)	(1,100)
Loan settlement through dacion (Note 33)	—	—	(4,580,430)	(4,580,430)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(2,520,236)	(2,520,236)
Effect of collections and other movements	(153,893)	(314,918)	26,381	(442,430)	(2,427,218)	(353,595)	(306,972)	(3,087,785)
Ending Balance	1,455,038	5,954,356	17,270,216	24,679,610	459,223	859,753	24,311,397	25,630,373
LGU								
Beginning Balance	265	10,632	67,798	78,695	24,040	1,737	24,916	50,693
Provisions (reversals)	261	(2,141)	(2,104)	(3,984)	22,642	3,902	2,296	28,840
Effect of collections and other movements	(54)	(20)	—	(74)	(46,417)	4,993	40,586	(838)
Ending Balance	472	8,471	65,694	74,637	265	10,632	67,798	78,695
Credit Cards								
Beginning Balance	61,472	26,686	2,319,769	2,407,927	38,224	26,246	2,523,198	2,587,668
Transfers to Stage 1	14,583	(5,637)	(8,946)	—	39,251	(6,432)	(32,819)	—
Transfers to Stage 2	(1,666)	2,188	(522)	—	(2,254)	5,721	(3,467)	—
Transfers to Stage 3	(2,726)	(3,171)	5,897	—	(9,135)	(9,282)	18,417	—
Provisions (reversals)	375,074	71,292	212,023	658,389	(98,840)	17,705	1,085,746	1,004,611
Accounts charged off	—	—	(2,014,455)	(2,014,455)	—	—	(1,399,465)	(1,399,465)
Effect of collections and other movements	44,772	(7,616)	199,211	236,367	94,226	(7,272)	128,159	215,113
Ending Balance	491,509	83,742	712,977	1,288,228	61,472	26,686	2,319,769	2,407,927
Retail SMEs								
Beginning Balance	156,723	16,002	1,643,255	1,815,980	361,274	20,786	1,426,132	1,808,192
Transfers to Stage 1	15,101	(386)	(14,715)	—	7,502	(1,634)	(5,868)	—
Transfers to Stage 2	(51,349)	51,549	(200)	—	(351)	2,151	(1,800)	—
Transfers to Stage 3	(736)	(1,050)	1,786	—	(5,680)	(6,204)	11,884	—
Provisions (reversals)	155,930	22,928	341,744	520,602	31,995	(1,617)	42,831	73,209
Accounts charged off	—	—	(694,970)	(694,970)	—	—	—	—
Effect of collections and other movements	(75,048)	(62,412)	60,912	(76,548)	(238,017)	2,520	170,076	(65,421)
Ending Balance	200,621	26,631	1,337,812	1,565,064	156,723	16,002	1,643,255	1,815,980
Housing Loans								
Beginning Balance	256,953	54,367	3,121,446	3,432,766	99,896	107,786	2,166,204	2,373,886
Transfers to Stage 1	527,271	(17,691)	(509,580)	—	395,713	(45,005)	(350,708)	—
Transfers to Stage 2	(5,794)	71,159	(65,365)	—	(2,061)	35,012	(32,951)	—
Transfers to Stage 3	(33,977)	(26,337)	60,314	—	(11,394)	(53,478)	64,872	—
Provisions (reversals)	(206,039)	(335,412)	1,327,486	786,035	391,794	(7,381)	(888,382)	(503,969)
Effect of collections and other movements	(90,744)	369,022	(149,234)	129,044	(616,995)	17,433	2,162,411	1,562,849
Ending Balance	447,670	115,108	3,785,067	4,347,845	256,953	54,367	3,121,446	3,432,766
Auto Loans								
Beginning Balance	8,996	2,166	1,467,584	1,478,746	146,165	43,152	843,487	1,032,804
Transfers to Stage 1	85,614	(671)	(84,943)	—	58,625	(2,965)	(55,660)	—
Transfers to Stage 2	(197)	5,619	(5,422)	—	(113)	8,396	(8,283)	—
Transfers to Stage 3	(350)	(1,213)	1,563	—	(615)	(3,229)	3,844	—
Provisions (reversals)	(72,234)	(3,455)	456,812	381,123	73,402	6,628	(708,378)	(628,348)
Accounts charged off	—	—	(6,354)	(6,354)	—	—	(9,133)	(9,133)
Effect of collections and other movements	(985)	(193)	(332,018)	(333,196)	(268,468)	(49,816)	1,401,707	1,083,423
Ending Balance	20,844	2,253	1,497,222	1,520,319	8,996	2,166	1,467,584	1,478,746
Other Loans								
Beginning Balance	242,940	8,236	716,032	967,208	72,427	59,443	1,922,895	2,054,765
Transfers to Stage 1	302,607	(3,134)	(299,473)	—	222,313	(12,979)	(209,334)	—
Transfers to Stage 2	(50)	27,615	(27,565)	—	(875)	90,473	(89,598)	—
Transfers to Stage 3	(506)	(2,527)	3,033	—	(4,109)	(20,370)	24,479	—
Provisions (reversals)	(290,921)	(7,934)	330,031	31,176	(131,066)	(583)	(333,647)	(465,296)
Accounts charged off	—	—	(12,647)	(12,647)	—	—	(20,328)	(20,328)
Effect of collections and other movements	(238,320)	55,941	458,649	276,270	84,250	(107,748)	(578,435)	(601,933)
Ending Balance	15,750	78,197	1,168,060	1,262,007	242,940	8,236	716,032	967,208

(Forward)



	Consolidated							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other Receivables								
Beginning Balance	₱81,507	₱33,359	₱3,414,200	₱3,529,066	₱69,326	₱19,486	₱3,197,574	₱3,286,386
Transfers to Stage 1	26	(5)	(21)	—	1,295	(15)	(1,280)	—
Transfers to Stage 2	(758)	10,530	(9,772)	—	(967)	22,649	(21,682)	—
Transfers to Stage 3	(4,861)	(15,475)	20,336	—	(12,748)	(67,882)	80,630	—
Provisions (reversals)	(10,889)	20,157	651,034	660,302	(598,194)	(13,427)	131,248	(480,373)
Accounts charged off	—	—	(8,626)	(8,626)	—	—	(9,287)	(9,287)
Loan settlement through dacion (Note 33)	—	—	(11,313)	(11,313)	—	—	—	—
Effect of collections and other movements	22,968	99,664	(84,990)	37,642	622,795	72,548	36,997	732,340
Ending Balance	87,993	148,230	3,970,848	4,207,071	81,507	33,359	3,414,200	3,529,066
Total Loans and Receivables								
Beginning Balance	1,268,079	1,011,201	37,061,481	39,340,761	1,248,985	969,118	30,196,547	32,414,650
Transfers to Stage 1	1,069,644	(149,755)	(919,889)	—	2,099,787	(120,100)	(1,979,687)	—
Transfers to Stage 2	(72,840)	7,729,924	(7,657,084)	—	(28,417)	335,029	(306,612)	—
Transfers to Stage 3	(45,863)	(230,987)	276,850	—	(84,716)	(258,331)	343,047	—
Provisions (reversals)	992,181	(2,082,863)	8,245,206	7,154,524	828,284	506,422	9,713,206	11,047,912
Accounts charged off	—	—	(2,785,836)	(2,785,836)	—	—	(1,439,313)	(1,439,313)
Loan settlement through dacion (Note 33)	—	—	(4,591,743)	(4,591,743)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(2,520,236)	(2,520,236)
Effect of collections and other movements	(491,304)	139,468	178,911	(172,925)	(2,795,844)	(420,937)	3,054,529	(162,252)
Ending Balance	₱2,719,897	₱6,416,988	₱29,807,896	₱38,944,781	₱1,268,079	₱1,011,201	₱37,061,481	₱39,340,761
	Parent Company							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱798,447	₱848,687	₱25,253,746	₱26,900,880	₱314,124	₱680,087	₱18,033,402	₱19,027,613
Transfers to Stage 1	124,373	(122,162)	(2,211)	—	1,375,022	(51,067)	(1,323,955)	—
Transfers to Stage 2	(13,026)	7,561,264	(7,548,238)	—	(21,486)	170,317	(148,831)	—
Transfers to Stage 3	(2,707)	(181,214)	183,921	—	(41,034)	(97,886)	138,920	—
Provisions (reversals)	1,040,810	(1,848,298)	4,631,517	3,824,029	856,709	501,195	10,912,432	12,270,336
Accounts charged off	—	—	(48,784)	(48,784)	—	—	(1,100)	(1,100)
Loan settlement through dacion (Note 33)	—	—	(4,580,430)	(4,580,430)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(2,520,236)	(2,520,236)
Effect of collections and other movements	(276,166)	(304,138)	446,596	(133,708)	(1,684,888)	(353,959)	163,114	(1,875,733)
Ending Balance	1,671,731	5,954,139	18,336,117	25,961,987	798,447	848,687	25,253,746	26,900,880
LGU								
Beginning Balance	265	10,632	67,798	78,695	24,040	1,737	24,916	50,693
Provisions (reversals)	261	(2,141)	(2,104)	(3,984)	22,642	3,902	2,296	28,840
Effect of collections and other movements	(54)	(20)	—	(74)	(46,417)	4,993	40,586	(838)
Ending Balance	472	8,471	65,694	74,637	265	10,632	67,798	78,695
Credit Cards								
Beginning Balance	61,472	26,686	2,319,769	2,407,927	38,224	26,246	2,523,198	2,587,668
Transfers to Stage 1	14,583	(5,637)	(8,946)	—	39,251	(6,432)	(32,819)	—
Transfers to Stage 2	(1,666)	2,188	(522)	—	(2,254)	5,721	(3,467)	—
Transfers to Stage 3	(2,726)	(3,171)	5,897	—	(9,135)	(9,282)	18,417	—
Provisions (reversals)	375,074	71,292	212,023	658,389	(98,840)	17,705	1,085,746	1,004,611
Accounts charged off	—	—	(2,014,455)	(2,014,455)	—	—	(1,399,465)	(1,399,465)
Effect of collections and other movements	44,772	(7,616)	199,211	236,367	94,226	(7,272)	128,159	215,113
Ending Balance	491,509	83,742	712,977	1,288,228	61,472	26,686	2,319,769	2,407,927
Retail SMEs								
Beginning Balance	151,201	3,712	498,101	653,014	336,912	10,289	559,389	906,590
Transfers to Stage 1	14,744	(29)	(14,715)	—	7,502	(1,634)	(5,868)	—
Transfers to Stage 2	(50,978)	51,178	(200)	—	(351)	2,151	(1,800)	—
Transfers to Stage 3	(305)	(780)	1,085	—	(5,680)	(6,204)	11,884	—
Provisions (reversals)	155,930	22,928	347,446	526,304	31,995	(1,617)	42,831	73,209
Effect of collections and other movements	(88,589)	(53,680)	(32,919)	(175,188)	(219,177)	727	(108,335)	(326,785)
Ending Balance	182,003	23,329	798,798	1,004,130	151,201	3,712	498,101	653,014

(Forward)



	Parent Company							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Housing Loans								
Beginning Balance	₱240,858	₱54,367	₱3,119,744	₱3,414,969	₱90,814	₱104,984	₱2,171,817	₱2,367,615
Transfers to Stage 1	527,271	(17,691)	(509,580)	—	395,354	(45,005)	(350,349)	—
Transfers to Stage 2	(5,666)	71,031	(65,365)	—	(2,061)	35,012	(32,951)	—
Transfers to Stage 3	(15,874)	(26,337)	42,211	—	(11,312)	(53,478)	64,790	—
Provisions (reversals)	(287,450)	37,093	1,338,362	1,088,005	384,586	(7,381)	(888,382)	(511,177)
Effect of collections and other movements	(13,157)	(3,683)	(149,348)	(166,188)	(616,523)	20,235	2,154,819	1,558,531
Ending Balance	445,982	114,780	3,776,024	4,336,786	240,858	54,367	3,119,744	3,414,969
Auto Loans								
Beginning Balance	8,996	2,166	1,467,584	1,478,746	22,525	6,943	1,003,336	1,032,804
Transfers to Stage 1	85,614	(671)	(84,943)	—	58,625	(2,965)	(55,660)	—
Transfers to Stage 2	(197)	5,619	(5,422)	—	(113)	8,396	(8,283)	—
Transfers to Stage 3	(350)	(1,213)	1,563	—	(615)	(3,229)	3,844	—
Provisions (reversals)	(72,234)	(3,455)	456,812	381,123	73,402	6,628	(708,378)	(628,348)
Accounts charged off	—	—	(6,354)	(6,354)	—	—	(9,133)	(9,133)
Effect of collections and other movements	(985)	(193)	(332,018)	(333,196)	(144,828)	(13,607)	1,241,858	1,083,423
Ending Balance	20,844	2,253	1,497,222	1,520,319	8,996	2,166	1,467,584	1,478,746
Other Loans								
Beginning Balance	242,936	8,236	703,090	954,262	72,423	59,443	1,910,728	2,042,594
Transfers to Stage 1	302,597	(3,134)	(299,463)	—	222,313	(12,979)	(209,334)	—
Transfers to Stage 2	(50)	27,615	(27,565)	—	(875)	90,473	(89,598)	—
Transfers to Stage 3	(506)	(2,527)	3,033	—	(4,109)	(20,370)	24,479	—
Provisions (reversals)	(290,923)	(7,934)	330,052	31,195	(131,066)	(583)	(333,615)	(465,264)
Accounts charged off	—	—	—	—	—	—	(20,328)	(20,328)
Effect of collections and other movements	(238,315)	42,305	472,519	276,509	84,250	(107,748)	(579,242)	(602,740)
Ending Balance	15,739	64,561	1,181,666	1,261,966	242,936	8,236	703,090	954,262
Other Receivables								
Beginning Balance	45,243	32,820	3,259,421	3,337,484	74,242	19,393	3,390,669	3,484,304
Transfers to Stage 1	26	(5)	(21)	—	1,295	(15)	(1,280)	—
Transfers to Stage 2	(758)	10,530	(9,772)	—	(967)	22,649	(21,682)	—
Transfers to Stage 3	(4,861)	(15,475)	20,336	—	(12,748)	(67,882)	80,630	—
Provisions (reversals)	(10,889)	20,157	651,034	660,302	(598,737)	(13,427)	131,248	(480,916)
Accounts charged off	—	—	(8,626)	(8,626)	—	—	(9,287)	(9,287)
Loan settlement through dacion (Note 33)	—	—	(11,313)	(11,313)	—	—	—	—
Effect of collections and other movements	5,581	(10,719)	25,076	19,938	582,158	72,102	(310,877)	343,383
Ending Balance	34,342	37,308	3,926,135	3,997,785	45,243	32,820	3,259,421	3,337,484
Total Loans and Receivables								
Beginning Balance	1,549,418	987,306	36,689,253	39,225,977	973,304	909,122	29,617,455	31,499,881
Transfers to Stage 1	1,069,208	(149,329)	(919,879)	—	2,099,362	(120,097)	(1,979,265)	—
Transfers to Stage 2	(72,341)	7,729,425	(7,657,084)	—	(28,107)	334,719	(306,612)	—
Transfers to Stage 3	(27,329)	(230,717)	258,046	—	(84,633)	(258,331)	342,964	—
Provisions (reversals)	910,579	(1,710,358)	7,965,142	7,165,363	540,691	506,422	10,244,178	11,291,291
Accounts charged off	—	—	(2,078,219)	(2,078,219)	—	—	(1,439,313)	(1,439,313)
Loan settlement through dacion (Note 33)	—	—	(4,591,743)	(4,591,743)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(2,520,236)	(2,520,236)
Effect of collections and other movements	(566,913)	(337,744)	629,117	(275,540)	(1,951,199)	(384,529)	2,730,082	394,354
Ending Balance	₱2,862,622	₱6,288,583	₱30,294,633	₱39,445,838	₱1,549,418	₱987,306	₱36,689,253	₱39,225,977



16.3 Gross Carrying Amounts of Loans and Receivables

Movements of the gross carrying amounts of loans and receivables are shown below:

	Consolidated							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱473,712,387	₱24,933,143	₱55,428,704	₱554,074,234	₱444,131,392	₱30,217,054	₱50,749,511	₱525,097,957
Newly originated assets which remained in Stage 1 at yearend	122,147,585	—	—	122,147,585	227,012,002	—	—	227,012,002
Newly originated assets which moved to Stages 2 and 3 at yearend	—	4,634,768	3,170,272	7,805,040	—	4,990,294	8,456,400	13,446,694
Transfers to Stage 1	2,158,216	(2,153,301)	(4,915)	—	11,278,904	(4,981,067)	(6,297,837)	—
Transfers to Stage 2	(25,259,322)	53,397,854	(28,138,532)	—	(7,592,547)	7,936,935	(344,388)	—
Transfers to Stage 3	(1,160,805)	(2,473,557)	3,634,362	—	(1,383,777)	(4,625,936)	6,009,713	—
Accounts charged off	—	—	(48,784)	(48,784)	—	—	(1,100)	(1,100)
Loan settlement through dacion (Note 33)	—	—	(5,958,906)	(5,958,906)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(5,478,200)	(5,478,200)
Effect of collections and other movements	(132,121,107)	(4,705,073)	(197,381)	(137,023,561)	(199,733,587)	(8,604,137)	2,334,605	(206,003,119)
Ending Balance	439,476,954	73,633,834	27,884,820	540,995,608	473,712,387	24,933,143	55,428,704	554,074,234
LGU								
Beginning Balance	4,216,332	46,154	57,227	4,319,713	6,390,022	7,450	24,916	6,422,388
Newly originated assets which remained in Stage 1 at yearend	35,962	—	—	35,962	108,593	—	—	108,593
Effect of collections and other movements	(1,499,080)	(10,834)	(569)	(1,510,483)	(2,282,283)	38,704	32,311	(2,211,268)
Ending Balance	2,753,214	35,320	56,658	2,845,192	4,216,332	46,154	57,227	4,319,713
Credit Cards								
Beginning Balance	10,468,937	269,413	2,418,595	13,156,945	9,198,867	199,627	3,132,075	12,530,569
Newly originated assets which remained in Stage 1 at yearend	998,216	—	—	998,216	992,672	—	—	992,672
Newly originated assets which moved to Stages 2 and 3 at yearend	—	39,134	20,775	59,909	—	28,877	21,120	49,997
Transfers to Stage 1	71,224	(61,373)	(9,851)	—	105,067	(60,241)	(44,826)	—
Transfers to Stage 2	(218,986)	219,544	(558)	—	(192,298)	196,528	(4,230)	—
Transfers to Stage 3	(309,359)	(40,798)	350,157	—	(684,443)	(88,078)	772,521	—
Accounts charged off	—	—	(2,014,455)	(2,014,455)	—	—	(1,399,465)	(1,399,465)
Effect of collections and other movements	2,147,359	(110,006)	144,713	2,182,066	1,049,072	(7,300)	(58,600)	983,172
Ending Balance	13,157,391	315,914	909,376	14,382,681	10,468,937	269,413	2,418,595	13,156,945
Retail SMEs								
Beginning Balance	6,432,116	159,012	2,747,777	9,338,905	10,689,770	881,726	867,413	12,438,909
Newly originated assets which remained in Stage 1 at yearend	1,238,722	—	—	1,238,722	3,054,855	—	—	3,054,855
Newly originated assets which moved to Stages 2 and 3 at yearend	—	130,105	111,941	242,046	—	52,047	121,159	173,206
Transfers to Stage 1	23,795	(6,761)	(17,034)	—	192,038	(118,733)	(73,305)	—
Transfers to Stage 2	(16,610)	17,943	(1,333)	—	(119,746)	196,940	(77,194)	—
Transfers to Stage 3	(14,693)	(12,200)	26,893	—	(172,180)	(193,682)	365,862	—
Accounts charged off	—	—	(694,970)	(694,970)	—	—	—	—
Effect of collections and other movements	(3,667,627)	54,870	(211,692)	(3,824,449)	(7,212,621)	(659,286)	1,543,842	(6,328,065)
Ending Balance	3,995,703	342,969	1,961,582	6,300,254	6,432,116	159,012	2,747,777	9,338,905
Housing Loans								
Beginning Balance	20,002,043	486,743	10,428,783	30,917,569	15,883,951	1,257,045	7,971,308	25,112,304
Newly originated assets which remained in Stage 1 as at yearend	1,992,738	—	—	1,992,738	1,334,034	—	—	1,334,034
Newly originated assets which moved to Stages 2 and 3 at yearend	—	47,129	50,829	97,958	—	52,555	28,779	81,334
Transfers to Stage 1	2,075,863	(155,598)	(1,920,265)	—	1,842,273	(438,646)	(1,403,627)	—
Transfers to Stage 2	(417,363)	651,867	(234,504)	—	(254,573)	380,851	(126,278)	—
Transfers to Stage 3	(1,240,805)	(238,698)	1,479,503	—	(1,803,489)	(519,103)	2,322,592	—
Effect of collections and other movements	(3,526,363)	(118,344)	(774,535)	(4,419,242)	2,999,847	(245,959)	1,636,009	4,389,897
Ending Balance	18,886,113	673,099	9,029,811	28,589,023	20,002,043	486,743	10,428,783	30,917,569
Auto Loans								
Beginning Balance	5,868,366	162,915	2,733,492	8,764,773	7,794,010	600,641	2,693,060	11,087,711
Newly originated assets which remained in Stage 1 at yearend	1,746,814	—	—	1,746,814	1,568,420	—	—	1,568,420
Newly originated assets which moved to Stages 2 and 3 at yearend	—	21,772	17,342	39,114	—	15,431	26,153	41,584
Transfers to Stage 1	343,352	(46,882)	(296,470)	—	531,091	(257,287)	(273,804)	—
Transfers to Stage 2	(121,463)	144,467	(23,004)	—	(184,128)	222,315	(38,187)	—
Transfers to Stage 3	(227,317)	(87,418)	314,735	—	(722,315)	(273,436)	995,751	—
Accounts charged off	—	—	(6,354)	(6,354)	—	—	(9,133)	(9,133)

(Forward)



	Consolidated							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Effect of collections and other movements	(P2,591,894)	(P92,662)	(P769,457)	(P3,454,013)	(P3,118,712)	(P144,749)	(P660,348)	(P3,923,809)
Ending Balance	5,017,858	102,192	1,970,284	7,090,334	5,868,366	162,915	2,733,492	8,764,773
Other Loans								
Beginning Balance	7,321,531	367,134	1,165,984	8,854,649	15,054,993	1,531,084	5,340,142	21,926,219
Newly originated assets which remained in Stage 1 at yearend	3,478,963	—	—	3,478,963	2,883,321	—	—	2,883,321
Newly originated assets which moved to Stages 2 and 3 at yearend	—	969,907	27,777	997,684	—	20,323	236,874	257,197
Transfers to Stage 1	774,098	(43,098)	(731,000)	—	1,379,908	(552,924)	(826,984)	—
Transfers to Stage 2	(12,420)	181,997	(169,577)	—	(1,253,877)	1,419,173	(165,296)	—
Transfers to Stage 3	(1,057,002)	(2,473,557)	3,530,559	—	(642,400)	(183,343)	825,743	—
Accounts charged off	—	—	(12,647)	(12,647)	—	—	(20,328)	(20,328)
Effect of collections and other movements	(1,373,244)	2,544,541	(1,834,996)	(663,699)	(10,100,414)	(1,867,179)	(4,224,167)	(16,191,760)
Ending Balance	9,131,926	1,546,924	1,976,100	12,654,950	7,321,531	367,134	1,165,984	8,854,649
Other Receivables								
Beginning Balance	14,609,695	(1,203,874)	3,461,903	16,867,724	14,846,752	(1,417,280)	4,363,870	17,793,342
Newly originated assets which remained in Stage 1 at yearend	714,679	—	—	714,679	(11,596)	—	—	(11,596)
Newly originated assets which moved to Stages 2 and 3 at yearend	—	52,632	35,331	87,963	—	21,867	19,079	40,946
Transfers to Stage 1	14,435	(5,955)	(8,480)	—	53,294	(45,655)	(7,639)	—
Transfers to Stage 2	(162,383)	270,582	(108,199)	—	(39,576)	448,866	(409,290)	—
Transfers to Stage 3	(16,131)	(50,442)	66,573	—	(39,376)	(97,570)	136,946	—
Accounts charged off	—	—	(8,626)	(8,626)	—	—	(9,287)	(9,287)
Loan settlement through dacion (Note 33)	—	—	(13,656)	(13,656)	—	—	—	—
Effect of collections and other movements	(91,186)	1,226,286	403,470	1,538,570	(199,803)	(114,102)	(631,776)	(945,681)
Ending Balance	15,069,109	289,229	3,828,316	19,186,654	14,609,695	(1,203,874)	3,461,903	16,867,724
Total Loans and Receivables								
Beginning Balance	542,631,407	25,220,640	78,442,465	646,294,512	523,989,757	33,277,347	75,142,295	632,409,399
Newly originated assets which remained in Stage 1 at yearend	132,353,679	—	—	132,353,679	236,942,301	—	—	236,942,301
Newly originated assets which moved to Stages 2 and 3 at yearend	—	5,895,447	3,434,267	9,329,714	—	5,181,394	8,909,564	14,090,958
Transfers to Stage 1	5,460,983	(2,472,968)	(2,988,015)	—	15,382,575	(6,454,553)	(8,928,022)	—
Transfers to Stage 2	(26,208,547)	54,884,254	(28,675,707)	—	(9,636,745)	10,801,608	(1,164,863)	—
Transfers to Stage 3	(4,026,112)	(5,376,670)	9,402,782	—	(5,447,980)	(5,981,148)	11,429,128	—
Accounts charged off	—	—	(2,785,836)	(2,785,836)	—	—	(1,439,313)	(1,439,313)
Loan settlement through dacion (Note 33)	—	—	(5,972,562)	(5,972,562)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(5,478,200)	(5,478,200)
Effect of collections and other movements	(142,723,142)	(1,211,222)	(3,240,447)	(147,174,811)	(218,598,501)	(11,604,008)	(28,124)	(230,230,633)
Ending Balance	P507,488,268	P76,939,481	P47,616,947	P632,044,696	P542,631,407	P25,220,640	P78,442,465	P646,294,512

	Parent Company							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	P464,785,519	P24,852,656	P55,228,912	P544,867,087	P435,934,894	P30,214,439	P50,511,255	P516,660,588
Newly originated assets which remained in Stage 1 at yearend	115,715,916	—	—	115,715,916	220,776,849	—	—	220,776,849
Newly originated assets which moved to Stages 2 and 3 at yearend	—	4,616,638	3,170,128	7,786,766	—	4,988,831	8,456,400	13,445,231
Transfers to Stage 1	2,181,944	(2,177,029)	(4,915)	—	11,276,501	(4,980,418)	(6,296,083)	—
Transfers to Stage 2	(25,259,322)	53,397,854	(28,138,532)	—	(7,469,151)	7,813,539	(344,388)	—
Transfers to Stage 3	(1,057,002)	(2,473,557)	3,530,559	—	(1,383,777)	(4,625,936)	6,009,713	—
Accounts charged off	—	—	(48,784)	(48,784)	—	—	(1,100)	(1,100)
Loan settlement through dacion (Note 33)	—	—	(5,958,906)	(5,958,906)	—	—	—	—
Sale of receivables (Note 26)	—	—	—	—	—	—	(5,478,200)	(5,478,200)
Effect of collections and other movements	(128,846,725)	(4,626,775)	1,144,160	(132,329,340)	(194,349,797)	(8,557,799)	2,371,315	(200,536,281)
Ending Balance	427,520,330	73,589,787	28,922,622	530,032,739	464,785,519	24,852,656	55,228,912	544,867,087
LGU								
Beginning Balance	4,216,332	46,154	57,227	4,319,713	6,390,022	7,450	24,916	6,422,388
Newly originated assets which remained in Stage 1 at yearend	35,962	—	—	35,962	108,593	—	—	108,593
Effect of collections and other movements	(1,499,080)	(10,834)	(569)	(1,510,483)	(2,282,283)	38,704	32,311	(2,211,268)
Ending Balance	2,753,214	35,320	56,658	2,845,192	4,216,332	46,154	57,227	4,319,713

(Forward)



	Parent Company							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards								
Beginning Balance	₱10,468,937	₱269,413	₱2,418,595	₱13,156,945	₱9,198,867	₱199,627	₱3,132,075	₱12,530,569
Newly originated assets which remained in Stage 1 at yearend	998,216	—	—	998,216	992,672	—	—	992,672
Newly originated assets which moved to Stages 2 and 3 at yearend	—	39,134	20,775	59,909	—	28,877	21,120	49,997
Transfers to Stage 1	71,224	(61,373)	(9,851)	—	105,067	(60,241)	(44,826)	—
Transfers to Stage 2	(218,986)	219,544	(558)	—	(192,298)	196,528	(4,230)	—
Transfers to Stage 3	(309,359)	(40,798)	350,157	—	(684,443)	(88,078)	772,521	—
Accounts charged off	—	—	(2,014,455)	(2,014,455)	—	—	(1,399,465)	(1,399,465)
Effect of collections and other movements	2,147,359	(110,006)	144,713	2,182,066	1,049,072	(7,300)	(58,600)	983,172
Ending Balance	13,157,391	315,914	909,376	14,382,681	10,468,937	269,413	2,418,595	13,156,945
Retail SMEs								
Beginning Balance	5,193,066	53,425	1,157,488	6,403,979	7,334,196	313,830	1,175,641	8,823,667
Newly originated assets which remained in Stage 1 at yearend	1,238,487	—	—	1,238,487	2,829,299	—	—	2,829,299
Newly originated assets which moved to Stages 2 and 3 at yearend	—	118,816	34,130	152,946	—	35,119	79,327	114,446
Transfers to Stage 1	18,280	(1,246)	(17,034)	—	108,463	(70,731)	(37,732)	—
Transfers to Stage 2	(11,941)	13,274	(1,333)	—	(18,421)	30,420	(11,999)	—
Transfers to Stage 3	(12,020)	(11,609)	23,629	—	(135,027)	(173,631)	308,658	—
Effect of collections and other movements	(2,881,696)	144,889	(118,225)	(2,855,032)	(4,925,444)	(81,582)	(356,407)	(5,363,433)
Ending Balance	3,544,176	317,549	1,078,655	4,940,380	5,193,066	53,425	1,157,488	6,403,979
Housing Loans								
Beginning Balance	19,118,020	486,743	10,417,506	30,022,269	15,372,581	1,041,658	8,072,951	24,487,190
Transferred loans	—	—	—	—	—	—	—	—
Newly originated assets which remained in Stage 1 at yearend	1,898,095	—	—	1,898,095	1,222,996	—	—	1,222,996
Newly originated assets which moved to Stages 2 and 3 at yearend	—	17,655	50,829	68,484	—	52,555	28,779	81,334
Transfers to Stage 1	2,076,403	(156,138)	(1,920,265)	—	1,840,598	(438,646)	(1,401,952)	—
Transfers to Stage 2	(417,145)	651,867	(234,722)	—	(254,573)	380,851	(126,278)	—
Transfers to Stage 3	(1,196,361)	(238,698)	1,435,059	—	(1,798,685)	(519,103)	2,317,788	—
Effect of collections and other movements	(3,458,304)	(121,191)	(745,961)	(4,325,456)	2,735,103	(30,572)	1,526,218	4,230,749
Ending Balance	18,020,708	640,238	9,002,446	27,663,392	19,118,020	486,743	10,417,506	30,022,269
Auto Loans								
Beginning Balance	5,868,366	162,915	2,733,492	8,764,773	7,794,010	600,641	2,693,060	11,087,711
Transferred loans	—	—	—	—	—	—	—	—
Newly originated assets which remained in Stage 1 at yearend	1,746,814	—	—	1,746,814	1,568,420	—	—	1,568,420
Newly originated assets which moved to Stages 2 and 3 at yearend	—	21,772	17,342	39,114	—	15,431	26,153	41,584
Transfers to Stage 1	343,352	(46,882)	(296,470)	—	531,091	(257,287)	(273,804)	—
Transfers to Stage 2	(121,463)	144,467	(23,004)	—	(184,128)	222,315	(38,187)	—
Transfers to Stage 3	(227,317)	(87,418)	314,735	—	(722,315)	(273,436)	995,751	—
Accounts charged off	—	—	(6,354)	(6,354)	—	—	(9,133)	(9,133)
Effect of collections and other movements	(2,591,894)	(92,662)	(769,457)	(3,454,013)	(3,118,712)	(144,749)	(660,348)	(3,923,809)
Ending Balance	5,017,858	102,192	1,970,284	7,090,334	5,868,366	162,915	2,733,492	8,764,773
Other Loans								
Beginning Balance	5,855,851	367,134	1,152,059	7,375,044	13,385,322	1,531,084	5,326,698	20,243,104
Newly originated assets which remained in Stage 1 at yearend	3,478,963	—	—	3,478,963	2,883,091	—	—	2,883,091
Newly originated assets which moved to Stages 2 and 3 at yearend	—	969,907	27,777	997,684	—	20,323	236,874	257,197
Transfers to Stage 1	773,086	(43,098)	(729,988)	—	1,379,908	(552,924)	(826,984)	—
Transfers to Stage 2	(12,420)	181,997	(169,577)	—	(1,253,877)	1,419,173	(165,296)	—
Transfers to Stage 3	(1,057,002)	(2,473,557)	3,530,559	—	(642,400)	(183,343)	825,743	—
Accounts charged off	—	—	—	—	—	—	(20,328)	(20,328)
Effect of collections and other movements	1,051	2,544,541	(1,834,730)	710,862	(9,896,193)	(1,867,179)	(4,224,648)	(15,988,020)
Ending Balance	9,039,529	1,546,924	1,976,100	12,562,553	5,855,851	367,134	1,152,059	7,375,044
Other Receivables								
Beginning Balance	13,007,324	515,733	3,291,871	16,814,928	13,610,734	304,633	4,231,158	18,146,525
Newly originated assets which remained in Stage 1 at yearend	714,679	—	—	714,679	696,937	—	—	696,937
Newly originated assets which moved to Stages 2 and 3 as at year-end	—	52,632	35,331	87,963	—	21,867	17,538	39,405
Transfers to Stage 1	14,435	(5,955)	(8,480)	—	53,270	(45,648)	(7,622)	—
Transfers to Stage 2	(162,383)	270,582	(108,199)	—	(39,322)	448,612	(409,290)	—
Transfers to Stage 3	(16,131)	(50,442)	66,573	—	(39,357)	(97,570)	136,927	—
Accounts charged off	—	—	(8,626)	(8,626)	—	—	(9,287)	(9,287)

(Forward)



	Parent Company							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan settlement through dacion (Note 33)	P=	P=	(P13,656)	(P13,656)	P=	P=	P=	P=
Effect of collections and other movements	421,713	(502,587)	409,171	328,297	(1,274,938)	(116,161)	(667,553)	(2,058,652)
Ending Balance	13,979,637	279,963	3,663,985	17,923,585	13,007,324	515,733	3,291,871	16,814,928
Total Loans and Receivables								
Beginning Balance	528,513,415	26,754,173	76,457,150	631,724,738	509,020,626	34,213,362	75,167,754	618,401,742
Transferred Loans	-	-	-	-	-	-	-	-
Newly originated assets which remained in Stage 1 at yearend	125,827,132	-	-	125,827,132	231,078,857	-	-	231,078,857
Newly originated assets which moved to Stages 2 and 3 as at year-end	-	5,836,554	3,356,312	9,192,866	-	5,163,003	8,866,191	14,029,194
Transfers to Stage 1	5,478,724	(2,491,721)	(2,987,003)	-	15,294,898	(6,405,895)	(8,889,003)	-
Transfers to Stage 2	(26,203,660)	54,879,585	(28,675,925)	-	(9,411,770)	10,511,438	(1,099,668)	-
Transfers to Stage 3	(3,875,192)	(5,376,079)	9,251,271	-	(5,406,004)	(5,961,097)	11,367,101	-
Accounts charged off	-	-	(2,078,219)	(2,078,219)	-	-	(1,439,313)	(1,439,313)
Loan settlement through dacion (Note 33)	-	-	(5,972,562)	(5,972,562)	-	-	-	-
Sale of receivables (Note 26)	-	-	-	-	-	-	(5,478,200)	(5,478,200)
Effect of collections and other movements	(136,707,576)	(2,774,625)	(1,770,898)	(141,253,099)	(212,063,192)	(10,766,638)	(2,037,712)	(224,867,542)
Ending Balance	P493,032,843	P76,827,887	P47,580,126	P617,440,856	P528,513,415	P26,754,173	P76,457,150	P631,724,738

17. Deposit Liabilities

17.1 Regulatory Reserve Requirements

As of December 31, 2022 and 2021, non-FCDU deposit liabilities are subject to reserves equivalent to 12.00% while peso-denominated LTNCDs are subject to reserves equivalent to 4.00%.

Available reserves booked under 'Due from BSP' amounted to P74.7 billion and P81.3 billion as of December 31, 2022 and 2021, respectively (refer to Note 7).

17.2 Information on LTNCDs

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2022	2021
October 11, 2019	April 11, 2025	P4,600,000	4.38%	Quarterly	P4,584,136	P4,578,946
February 27, 2019	August 27, 2024	8,220,000	5.75%	Quarterly	8,198,193	8,187,523
October 26, 2017	April 26, 2023	6,350,000	3.88%	Quarterly	6,347,683	6,339,910
April 27, 2017	October 27, 2022	3,765,000	3.75%	Quarterly	-	3,761,261
December 6, 2016	June 6, 2022	5,380,000	3.25%	Quarterly	-	5,377,750
		P28,315,000			P19,130,012	P28,245,390

17.3 Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Time	P2,437,557	P1,411,973	P2,852,325	P2,434,206	P1,411,974	P2,852,325
Savings	1,589,891	1,942,687	2,930,115	1,605,241	2,014,705	2,778,153
LTNCDs	1,140,954	1,269,356	1,429,301	1,140,954	1,269,356	1,429,301
Demand	203,265	189,750	167,277	202,752	189,750	167,277
	P5,371,667	P4,813,766	P7,379,018	P5,383,153	P4,885,785	P7,227,056



As of December 31, 2022 and 2021, noninterest-bearing deposit liabilities amounted to ₱27.8 billion and ₱28.6 billion, respectively, for the Group, and ₱27.7 billion and ₱28.5 billion, respectively, for the Parent Company.

The remaining deposit liabilities of the Group and the Parent Company generally earn annual fixed interest rates ranging from:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Peso-denominated	0.10% - 6.12%	0.10% - 6.75%	0.10% - 10.00%	0.10% - 6.12%	0.10% - 5.00%	0.10% - 10.00%
Foreign currency-denominated	0.00% - 5.50%	0.01% - 3.00%	0.01% - 4.75%	0.00% - 5.50%	0.01% - 3.00%	0.01% - 4.75%

In 2022, 2021 and 2020, interest expense on LTNCDs for both the Group and the Parent Company includes amortization of transaction costs amounting to ₱29.6 million, ₱33.4 million and ₱59.9 million, respectively. Unamortized transaction costs of the LTNCDs amounted to ₱40.0 million and ₱69.6 million as of December 31, 2022 and 2021, respectively.

18. Financial Liabilities at Fair Value Through Profit or Loss

As of December 31, 2022 and 2021, this account consists of currency forwards with negative fair values amounting to ₱1.0 billion and ₱891.5 million, respectively, for the Group, and ₱1.0 billion and ₱891.3 million, respectively, for the Parent Company (refer to Notes 23 and 35).

19. Bills and Acceptances Payable

19.1 Information on Bills and Acceptances Payable

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Bills payable to:				
Foreign banks	₱6,665,834	₱8,263,434	₱6,609,593	₱7,849,009
BSP and local banks (Note 33)	1,036,491	37,482,381	395	36,154,113
Others	—	98,086	—	—
	7,702,325	45,843,901	6,609,988	44,003,122
Acceptances outstanding (Note 10)	7,278,048	7,109,896	7,278,047	7,109,896
	₱14,980,373	₱52,953,797	₱13,888,035	₱51,113,018

As of December 31, 2022 and 2021, bills payable with a carrying amount of ₱6.6 billion and ₱38.5 billion are secured by a pledge of financial assets at FVOCI with fair values of ₱2.5 billion and ₱32.8 billion, respectively, and investment securities at amortized cost with carrying values of ₱5.5 billion and ₱5.3 billion, respectively, and fair values of ₱5.5 billion and ₱5.6 billion, respectively (refer to Notes 9.2 and 9.3).



19.2 Interest Expense on Bills Payable and Other Borrowings

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Bills payable	₱229,600	₱391,404	₱663,567	₱163,385	₱315,097	₱482,810
Lease liabilities (Note 29)	171,885	112,591	120,675	170,692	107,052	120,181
Others	32,488	7,926	62,198	29,467	2,931	34,487
	433,973	511,921	846,440	363,544	425,080	637,478
Discontinued operations (Note 36):						
Lease liabilities	—	3,528	2,900	—	—	—
	₱433,973	₱515,449	₱849,340	₱363,544	₱425,080	₱637,478

Bills payable of the Group and the Parent Company earn annual fixed interest rates ranging from:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Peso-denominated	1.9%- 5.5%	1.0% - 2.0%	4.0% - 6.5%	1.9%- 5.5%	1.0% - 2.0%	4.0% - 6.5%
Foreign currency-denominated	0.3%- 4.3%	0.1% - 1.2%	0.1% - 4.4%	0.3%- 4.3%	0.1% - 1.2 %	0.1% - 4.4%

20. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Accrued taxes and other expenses	₱8,131,353	₱7,106,616	₱7,523,206	₱6,865,474
Accrued interest (Note 33)	986,040	659,034	964,494	638,907
	₱9,117,393	₱7,765,650	₱8,487,700	₱7,504,381

Accrued taxes and other expenses consist of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Financial liabilities:				
Promotional expenses	₱1,354,700	₱802,454	₱1,354,700	₱802,454
Information technology-related expenses	583,844	541,510	583,844	541,510
Rent and utilities payable	501,319	362,868	494,591	359,805
Management, directors and other professional fees	262,753	285,648	236,466	263,133
Repairs and maintenance	160,350	85,128	159,976	83,762
	2,862,966	2,077,608	2,829,577	2,050,664
Nonfinancial liabilities:				
Monetary value of leave credits	1,532,890	1,920,153	1,490,640	1,878,856
PDIC insurance premiums	879,310	970,140	863,832	954,662
Other taxes and licenses	854,359	477,917	724,002	428,290
Employee benefits	583,136	443,886	561,179	421,505
Other expenses	1,418,692	1,216,912	1,053,976	1,131,497
	5,268,387	5,029,008	4,693,629	4,814,810
	₱8,131,353	₱7,106,616	₱7,523,206	₱6,865,474

‘Other expenses’ include janitorial, representation and entertainment, communication and other operating expenses.



21. Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2022	2021
Fixed rate medium term senior notes						
June 27, 2019	September 27, 2024	USD750,000	3.28%	Semi-annually	₱41,722,415	₱38,117,754
April 26, 2018	April 27, 2023	300,000	4.25%	Semi-annually	16,716,682	15,265,667
USD1,050,000					₱58,439,097	₱53,383,421

The fixed rate medium term senior notes are drawdowns from the Parent Company's Medium Term Note Programme (the MTN Programme), which was established on April 13, 2018 with an initial nominal size of US\$1.0 billion. On June 14, 2019, the Parent Company increased the size of its MTN Programme to US\$2.0 billion. Both issued fixed rate medium term senior notes are listed in the Singapore Exchange Securities Trading Limited. As of December 31, 2022 and 2021, the unamortized transaction costs of bonds payable amounted to ₱92.8 million and ₱168.7 million, respectively. In 2022 and 2021, amortization of transaction costs amounting to ₱75.9 million and ₱83.5 million, were charged to 'Interest expense on bonds payable' in the statements of income.

22. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Financial				
Accounts payable	₱5,036,170	₱4,724,720	₱4,564,107	₱4,285,545
Dormant credits	1,591,380	1,303,713	1,553,892	1,272,553
Manager's checks and demand drafts outstanding	1,548,448	1,256,121	1,548,448	1,256,121
Bills purchased - contra (Note 10)	877,767	1,053,517	877,767	1,053,517
Accounts payable - electronic money	315,290	408,858	315,290	408,858
Due to other banks (Note 33)	276,770	154,949	82,132	52,198
Margin deposits and cash letters of credit	224,033	325,829	211,196	314,326
Payment order payable	220,949	196,718	220,949	196,206
Deposits on lease contracts	75,129	593,903	30,364	53,774
Transmission liability	40,280	58,308	—	—
Deposit for keys on safety deposit boxes	16,167	16,742	16,167	16,742
	10,222,383	10,093,378	9,420,312	8,909,840
Nonfinancial				
Provisions (Notes 12 and 34)	1,107,015	1,095,325	1,367,067	685,230
Due to Treasurer of the Philippines	891,709	882,769	891,709	882,769
Deferred revenue - Credit card-related	646,361	548,630	646,361	548,630
Deferred revenue - Bancassurance (Note 12)	500,474	573,674	500,474	573,674
Retirement benefit liability (Note 28)	384,838	926,259	382,449	923,116
Withholding tax payable	310,530	309,897	309,363	304,039
Deferred tax liabilities (Note 30)	165,721	165,228	—	—
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	48,081	43,359	47,797	42,989
Miscellaneous	1,550,528	1,081,353	528,273	642,564
	5,605,257	5,626,494	4,673,493	4,603,011
	₱15,827,640	₱15,719,872	₱14,093,805	₱13,512,851



‘Deferred revenue - Bancassurance’ pertains to the allocated portion of the consideration received for the disposal of APLII related to the EDR and the exclusive bancassurance arrangement for the non-life insurance business with ABIC (refer to Note 12.7). In 2022 and 2021, amortization of other deferred revenue amounting to ₱73.2 million were recognized under ‘Service fees and commission income’ (refer to Note 26.1).

‘Miscellaneous’ include interoffice floats, remittance-related payables, overages, advance rentals and sundry credits.

23. Derivative Financial Instruments

The tables below show the fair values of the derivative financial instruments entered into by the Group and the Parent Company, recorded as ‘Financial assets at FVTPL’ (refer to Note 9.1) or ‘Financial liabilities at FVTPL’ (refer to Note 18), together with the notional amounts.

The notional amount is the amount of a derivative’s underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2022 and 2021 and are not indicative of either market risk or credit risk (amounts in thousands, except average forward rate).

	Consolidated			
	2022			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱749,512	₱760,764	55.76	₱1,539,816
SGD	303	–	0.74	7
EUR	243	57,543	1.06	72,318
HKD	172	–	0.13	24
SELL:				
USD	604,222	65	55.76	644,843
EUR	3,803	70,519	1.06	62,040
GBP	2,765	–	1.20	2,000
NZD	319	–	0.63	400
JPY	216	11,911	0.01	534,700
PHP	200	138,260	1.00	2,743,406
HKD	187	236	0.13	321,189
AUD	9	55	0.67	700
SGD	–	348	0.74	1,700
CAD	–	75	0.73	1,700
	₱1,361,951	₱1,039,776		

*The notional amounts and average forward rates pertain to original currencies.

	Consolidated			
	2021			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱1,355,660	₱274	51.00	₱3,861,673
GBP	47	16	1.35	6,325
SGD	31	–	0.74	1
EUR	6	5	1.13	12,645
PHP	–	1,544	1.00	1,788,750

(Forward)



Consolidated				
2021				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
SELL:				
JPY	₱6,124	₱9	0.01	1,080,000
HKD	1,714	108	0.13	2,217,580
USD	990	887,819	51.00	1,374,345
PHP	290	8	1.00	509,708
CAD	141	11	0.78	2,125
GBP	30	884	1.35	8,500
SGD	16	436	0.74	1,400
EUR	2	153	1.13	19,443
AUD	—	228	0.72	500
NZD	—	36	0.68	400
	₱1,365,051	₱891,531		

*The notional amounts and average forward rates pertain to original currencies.

Parent Company				
2022				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱748,234	₱760,764	55.76	₱1,225,921
SGD	303	—	0.74	7
EUR	—	57,543	1.06	67,540
SELL:				
USD	603,979	65	55.76	640,066
EUR	3,803	70,519	1.06	62,040
GBP	2,765	—	1.20	2,000
NZD	319	—	0.63	400
JPY	216	11,911	0.01	534,700
PHP	200	138,260	1.00	2,743,406
AUD	9	55	0.67	700
SGD	—	348	0.74	1,700
HKD	—	236	0.13	5,000
CAD	—	75	0.73	1,700
	₱1,359,828	₱1,039,776		

*The notional amounts and average forward rates pertain to original currencies.

Parent Company				
2021				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱1,354,160	₱185	51.00	₱1,652,850
GBP	47	16	1.35	6,325
EUR	2	—	1.13	50
SGD	31	—	0.74	1
PHP	—	1,544	1.00	1,788,750
SELL:				
JPY	6,124	9	0.01	1,080,000
USD	986	887,816	51.00	1,361,750
PHP	290	8	1.00	509,708
HKD	214	26	0.13	24,700
CAD	141	11	0.78	2,125
GBP	30	884	1.35	8,500
SGD	16	436	0.74	1,400
AUD	—	228	0.72	500
EUR	—	147	1.13	3,500
NZD	—	36	0.68	400
	₱1,362,041	₱891,346		

*The notional amounts and average forward rates pertain to original currencies.



The rollforward analysis of net derivative assets (liabilities) in 2022 and 2021 follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Balance at the beginning of the year:				
Derivative assets	₱1,365,051	₱370,653	₱1,362,041	₱365,558
Derivative liabilities	891,531	701,239	891,346	700,802
	473,520	(330,586)	470,695	(335,244)
Changes in fair value				
Currency forwards and spots*	(147,028)	805,748	(147,028)	806,069
Interest rate swaps and warrants**	—	(23,472)	—	(23,472)
	(147,028)	782,276	(147,028)	782,597
Net availments (settlements)	(4,317)	21,830	(3,615)	23,342
Balance at end of year:				
Derivative assets	₱1,361,951	₱1,365,051	₱1,359,828	₱1,362,041
Derivative liabilities	1,039,776	891,531	1,039,776	891,346
	₱322,175	₱473,520	₱320,052	₱470,695

* Presented as part of 'Foreign exchange gains - net'

** Recorded under 'Trading and investment securities gains - net' (refer to Note 9.5)

24. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities of the Group and Parent Company analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	Consolidated					
	2022		Total	2021		Total
	Less than Twelve Months	Over Twelve Months		Less than Twelve Months	Over Twelve Months	
Financial Assets						
Cash and other cash items	₱22,217,915	₱—	₱22,217,915	₱27,552,773	₱—	₱27,552,773
Due from BSP	94,701,360	—	94,701,360	161,001,912	—	161,001,912
Due from other banks	26,020,081	—	26,020,081	27,232,676	—	27,232,676
Interbank loans receivable (Note 8)	16,291,470	—	16,291,470	32,112,667	—	32,112,667
Securities held under agreements to resell (Note 8)	64,526,051	—	64,526,051	15,800,317	—	15,800,317
Financial assets at FVTPL (Note 9)	7,347,201	—	7,347,201	11,167,657	—	11,167,657
Financial assets at FVOCI (Note 9)	86,697,820	71,485,705	158,183,525	75,692,741	92,294,549	167,987,290
Investment securities at amortized cost (Note 9)	35,359,598	78,956,212	114,315,810	45,931,953	47,346,056	93,278,009
Loans and receivables (Note 10)	225,461,251	407,109,088	632,570,339	200,773,178	445,914,712	646,687,890
Other assets (Note 15)	51,331	19,000	70,331	136,324	13,698	150,022
	578,674,078	557,570,005	1,136,244,083	597,402,198	585,569,015	1,182,971,213
Nonfinancial Assets						
Property and equipment (Note 11)	—	25,882,025	25,882,025	—	25,846,442	25,846,442
Investment in an associate (Note 12)	—	2,688,764	2,688,764	—	2,468,107	2,468,107
Investment properties (Note 13)	—	17,808,697	17,808,697	—	14,658,030	14,658,030
Deferred tax assets (Note 30)	—	6,616,902	6,616,902	—	6,405,505	6,405,505
Goodwill (Note 14)	—	11,221,410	11,221,410	—	13,375,407	13,375,407
Intangible assets (Note 14)	—	7,770,695	7,770,695	—	6,995,365	6,995,365
Residual value of leased assets (Note 10)	107,634	122,772	230,406	505,784	219,082	724,866
Other assets (Note 15)	2,945,525	2,181,506	5,127,031	4,041,342	1,685,772	5,727,114
	3,053,159	74,292,771	77,345,930	4,547,126	71,653,710	76,200,836
Less: Allowance for impairment and credit losses (Note 16)			47,192,482			49,780,665
Unearned and other deferred income (Note 10)			756,049			1,118,244
Accumulated depreciation and amortization (Notes 11, 13 and 14)			20,484,406			17,488,478
			₱1,145,157,076			₱1,190,784,662

(Forward)



	Consolidated					
	2022			2021		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Liabilities						
Deposit liabilities (Note 17)	₱850,430,921	₱20,796,800	₱871,227,721	₱856,415,554	₱38,508,755	₱894,924,309
Financial liabilities at FVTPL (Note 18)	1,039,776	—	1,039,776	891,531	—	891,531
Bills and acceptances payable (Note 19)	11,867,176	3,113,197	14,980,373	49,780,354	3,173,443	52,953,797
Accrued interest payable (Note 20)	980,446	5,594	986,040	657,063	1,971	659,034
Accrued other expenses payable (Note 20)	2,384,652	478,314	2,862,966	1,657,913	419,695	2,077,608
Bonds payable (Note 21)	16,716,682	41,722,415	58,439,097	—	53,383,421	53,383,421
Other liabilities (Note 22)	8,437,866	1,784,517	10,222,383	7,704,872	2,388,506	10,093,378
	891,857,519	67,900,837	959,758,356	917,107,287	97,875,791	1,014,983,078
Nonfinancial Liabilities						
Lease liabilities (Note 29)	709,214	2,927,177	3,636,391	2,698,373	1,067,018	3,765,391
Accrued taxes and other expenses (Note 20)	3,069,330	2,199,057	5,268,387	2,288,247	2,740,761	5,029,008
Income tax payable	983,051	—	983,051	157,735	—	157,735
Other liabilities (Note 22)	2,727,209	2,878,048	5,605,257	2,564,240	3,062,254	5,626,494
	7,488,804	8,004,282	15,493,086	7,708,595	6,870,033	14,578,628
	₱899,346,323	₱75,905,119	₱975,251,442	₱924,815,882	₱104,745,824	₱1,029,561,706

	Parent Company					
	2022			2021		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱22,103,095	₱—	₱22,103,095	₱27,454,459	₱—	₱27,454,459
Due from BSP	94,701,360	—	94,701,360	161,001,912	—	161,001,912
Due from other banks	17,609,247	—	17,609,247	19,333,873	—	19,333,873
Interbank loans receivable (Note 8)	14,736,112	—	14,736,112	30,302,334	—	30,302,334
Securities held under agreements to resell (Note 8)	64,526,051	—	64,526,051	15,800,317	—	15,800,317
Financial assets at FVTPL (Note 9)	7,195,685	—	7,195,685	11,010,278	—	11,010,278
Financial assets at FVOCI (Note 9)	86,716,076	70,489,831	157,205,907	75,706,122	91,840,228	167,546,350
Investment securities at amortized cost (Note 9)	35,359,598	78,816,930	114,176,528	45,814,197	47,335,863	93,150,060
Loans and receivables (Note 10)	214,331,618	403,721,820	618,053,438	193,490,020	439,091,126	632,581,146
Other assets (Note 15)	49,981	1,479	51,460	134,840	1,502	136,342
	557,328,823	553,030,060	1,110,358,883	580,048,352	578,268,719	1,158,317,071
Nonfinancial Assets						
Property and equipment (Note 11)	—	23,667,261	23,667,261	—	23,444,821	23,444,821
Investment in subsidiaries and an associate (Note 12)	—	20,384,104	20,384,104	—	27,275,451	27,275,451
Investment properties (Note 13)	—	17,104,160	17,104,160	—	13,949,148	13,949,148
Deferred tax assets (Note 30)	—	6,574,190	6,574,190	—	6,271,578	6,271,578
Goodwill (Note 14)	—	11,361,768	11,361,768	—	13,515,765	13,515,765
Intangible assets (Note 14)	—	8,712,778	8,712,778	—	7,969,658	7,969,658
Other assets (Note 15)	2,328,923	2,043,660	4,372,583	3,761,622	1,673,606	5,435,228
	2,328,923	89,847,921	92,176,844	3,761,622	94,100,027	97,861,649
Less: Allowance for impairment and credit losses (Note 16)			47,652,020			49,612,865
Unearned and other deferred income (Note 10)			612,582			856,408
Accumulated amortization and depreciation (Notes 11, 13 and 14)			20,526,875			17,698,795
			₱1,133,744,250			₱1,188,010,652

Financial Liabilities						
Deposit liabilities (Note 17)	₱846,551,824	₱20,078,556	₱866,630,380	₱861,706,050	₱37,819,145	₱899,525,195
Financial liabilities at FVTPL (Note 18)	1,039,776	—	1,039,776	891,346	—	891,346
Bills and acceptances payable (Note 19)	10,818,915	3,069,120	13,888,035	48,305,700	2,807,318	51,113,018
Accrued interest payable (Note 20)	964,494	—	964,494	638,907	—	638,907
Accrued other expenses payable (Note 20)	2,351,263	478,314	2,829,577	1,630,969	419,695	2,050,664

(Forward)



	Parent Company					
	2022			2021		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Bonds payable (Note 21)	₱16,716,682	₱41,722,415	₱58,439,097	₱—	₱53,383,421	₱53,383,421
Other liabilities (Note 22)	7,666,525	1,753,787	9,420,312	6,909,027	2,000,813	8,909,840
	886,109,479	67,102,192	953,211,671	920,081,999	96,430,392	1,016,512,391
Nonfinancial Liabilities						
Lease liabilities (Note 29)	676,900	2,927,177	3,604,077	2,686,906	1,011,504	3,698,410
Accrued taxes and other expenses (Note 20)	2,507,506	2,186,123	4,693,629	2,086,159	2,728,651	4,814,810
Income tax payable	916,235	—	916,235	89,328	—	89,328
Other liabilities (Note 22)	1,531,794	3,141,699	4,673,493	1,538,221	3,064,790	4,603,011
	5,632,435	8,254,999	13,887,434	6,400,614	6,804,945	13,205,559
	₱891,741,914	₱75,357,191	₱967,099,105	₱926,482,613	₱103,235,337	₱1,029,717,950

25. Equity

25.1 Capital Stock

This account consists of (amounts in thousands, except for par value and number of shares):

	Shares	Amount
Common - ₱40 par value		
Authorized	1,750,000,001	₱70,000,000
Issued and outstanding		
Balance at the beginning and end of the year	1,525,764,850	₱61,030,594

The history of share issuances of the Parent Company since its initial public offering follows:

Date	Type of issuance	Number of common shares	Par value	Offer price
July 2019	Stock rights	276,625,172	₱40.00	₱43.38
February 2014	Stock rights	162,931,262	40.00	71.00
February 2013	Share-for-share swap with ABC common and preferred shares	423,962,500	40.00	97.90
September 2000	Pre-emptive stock rights	71,850,215	100.00	60.00
September 1999	Stock rights	68,740,086	100.00	137.80
December 1995	Third public offering	7,200,000	100.00	260.00
April 1992	Second public offering	8,033,140	100.00	265.00
June 1989	Initial public offering	10,800,000	100.00	100.00

In January 2013, the SEC approved the conversion of the Parent Company's 195,175,444 authorized preferred shares into common shares, thereby increasing its authorized common shares to 1,250,000,001.

The Parent Company's shares are listed in the PSE. As of December 31, 2022 and 2021, the Parent Company had 36,192 and 36,286 stockholders, respectively.

On July 22, 2019, the Parent Company successfully completed its Stock Rights Offering (SRO) of 276,625,172 common shares with a par value of ₱40.0 per share at a price of ₱43.38 each, raising gross proceeds of ₱12.0 billion. Out of the total transaction costs from the SRO, underwriting fees amounting to ₱10.0 million paid to PNB Capital, being one of the joint lead managers, was eliminated against 'Capital Paid in Excess of Par Value' in the consolidated financial statements.



25.2 Surplus

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11-2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2022 and 2021, surplus amounting to ₱9.6 billion, representing the balances of the following equity items that have been applied to eliminate the Parent Company's deficit through quasi-reorganizations in 2002 and 2000, is not available for dividend declaration without prior approval from the SEC and the BSP:

Revaluation increment on land and buildings	₱7,691,808
Accumulated translation adjustment	1,315,685
Accumulated equity in net earnings of investees	563,048
	<u>₱9,570,541</u>

25.3 Surplus Reserves

This account consists of:

	2022	2021
Reserves under BSP Circular 1011 (Note 10)	₱4,218,928	₱4,461,857
Reserves for trust business (Note 32)	630,314	605,583
Reserves for self-insurance	80,000	80,000
	<u>₱4,929,242</u>	<u>₱5,147,440</u>

'Reserves under BSP Circular 1011' represents the appropriation for the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts in accordance with BSP Circular 1011.

'Reserves for self-insurance' represents the amount set aside to cover losses due to fire or defalcation by, and other unlawful acts of, the Parent Company's personnel or third parties.

25.4 Accumulated Translation Adjustment

As part of the Group's rehabilitation program in 2002, the SEC approved on November 7, 2002 the application of the accumulated translation adjustment of ₱1.6 billion to eliminate the Parent Company's remaining deficit of ₱1.3 billion, including ₱0.6 billion accumulated equity in net earnings as of December 31, 2001, after applying the total reduction in par value amounting to ₱7.6 billion.

The SEC approval is subject to the following conditions:

- remaining translation adjustment of ₱310.7 million as of December 31, 2001 (shown as part of 'Capital paid in excess of par value' in the statement of financial position) will not be used to wipe out losses that may be incurred in the future without prior approval of SEC;
- for purposes of dividend declaration, any future surplus account of the Parent Company shall be restricted to the extent of the deficit wiped out by the translation adjustment.



25.5 Other Equity Reserves

On August 26, 2016, the Parent Company's BOD approved the grant of centennial bonus to its employees, officers and directors on record as of July 22, 2016, in the form of the Parent Company's shares of stock. The acquisition and distribution of the estimated 3.0 million shares shall be done over a period of five years, and are subject to service conditions. The grant is accounted for as equity-settled share-based payments. Grant date is April 27, 2017 when the fair value of the centennial bonus shares is ₱65.20. In 2021 and 2020, the Parent Company awarded 306 thousand and 316 thousand, respectively, centennial bonus shares and applied the settlement of the awards against 'Other equity reserves' amounting to ₱29.0 million and ₱6.4 million, respectively.

25.6 Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Parent Company and its financial allied subsidiaries are subject to the regulatory requirements of the BSP. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous periods. The Group has complied with all externally imposed capital requirements throughout the year.

25.6.1 BSP Reporting for Capital Management

Under existing BSP regulations, the determination of the Group's compliance with regulatory requirements and ratios is based on the amount of the Group's unimpaired capital (regulatory net worth) reported to the BSP, which is determined based on RAP, which differ from PFRS in some respects. In addition, the risk-based capital ratio of a bank or Capital Adequacy Ratio (CAR), expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% at all times for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on RAP. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.

On May 16, 2002, the BSP approved the booking of additional appraisal increment on properties of ₱431.8 million and recognition of the same in determining the CAR, and booking of translation adjustment of ₱1.6 billion representing the increase in peso value of the investment in foreign subsidiaries for purposes of the quasi-reorganization and rehabilitation of the Parent Company, provided that the same shall be excluded for dividend purposes.

On August 29, 2019, the MB of the BSP approved the integration of PNBSB with the Parent Company. One of the integration incentives granted by the BSP was a temporary capital relief by not deducting the amount of investment of the Parent Company in PNBSB from CET1 Capital in computing the CAR on a solo basis. The relief commenced on the date of net asset transfer and shall become effective until approval by the SEC of the reduction of authorized capital stock of PNBSB.



As of December 31, 2022 and 2021, CAR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

Consolidated	2022		2021	
	Actual	Required	Actual	Required
CET1 Capital (Gross)	₱158,834		₱152,857	
Less: Regulatory Adjustments to CET 1	48,221		48,541	
CET1 Capital (Net) / Tier 1 Capital	110,613		104,316	
Add: Tier 2 Capital	6,109		5,634	
Total qualifying capital	₱116,722	₱75,873	₱109,950	₱80,490
Total risk-weighted assets	₱758,730		₱804,903	
Tier 1 capital ratio	14.58%		12.96%	
Total capital ratio	15.38%		13.66%	

Parent Company	2022		2021	
	Actual	Required	Actual	Required
CET1 Capital (Gross)	₱154,537		₱149,117	
Less: Regulatory Adjustments to CET 1	61,587		61,982	
CET1 Capital (Net) / Tier 1 Capital	92,950		87,135	
Add: Tier 2 Capital	5,878		5,442	
Total qualifying capital	₱98,828	₱73,356	₱92,577	₱79,135
Total risk-weighted assets	₱733,556		₱791,349	
Tier 1 capital ratio	12.67%		11.01%	
Total capital ratio	13.47%		11.70%	

The Group considered BSP regulations, which set out a minimum CET1 ratio of 6.00% and Tier 1 capital ratio of 7.50%, and require capital conservation buffer of 2.50% comprised of CET1 capital.

In line with its ICAAP document, the Parent Company maintains a capital level that not only meets the BSP's CAR requirement, but also covers all material risks that it may encounter in the course of its business. The ICAAP process highlights close integration of capital planning and strategic management with risk management. The Parent Company has in place a risk management framework that involves a collaborative process for assessing and managing identified Pillar 1 and Pillar 2 risks. The Parent Company complies with the required annual submission of updated ICAAP.

25.6.2 BSP Reporting for Basel III Leverage Ratio

BSP also requires the Basel III Leverage Ratio (BLR), which is designed to act as a supplementary measure to the risk-based capital requirements. BLR intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes, which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. BLR is computed as the capital measure (Tier 1 capital) divided by the total exposure measure and should not be less than 5.00%.

As of December 31, 2022 and 2021, BLR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Tier 1 capital	₱110,613	₱104,316	₱92,950	₱87,135
Total exposure measure	1,176,190	1,189,481	1,150,463	1,171,530
BLR	9.40%	8.77%	8.08%	7.44%

BLR is computed based on RAP.



26. Other Operating Income

26.1 Service Fees and Commission Income

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Deposit-related	₱1,585,441	₱1,326,692	₱1,058,033	₱1,585,441	₱1,326,692	₱1,054,359
Loan-related	1,122,258	1,432,909	1,072,459	1,114,379	1,425,149	1,124,608
Underwriting fees	1,032,640	511,032	227,494	—	—	—
Bancassurance (Note 22)	873,039	495,512	206,686	873,039	495,512	206,686
Remittance (Note 33)	680,875	652,262	646,494	357,161	351,392	340,364
Credit card-related	669,862	697,962	622,302	669,862	697,962	622,302
Interchange fees	458,456	383,271	329,059	458,456	383,271	329,059
Trust fees (Note 32)	317,782	319,422	314,851	317,782	319,422	314,851
Miscellaneous	257,256	521,264	207,194	187,249	311,329	142,290
	6,997,609	6,340,326	4,684,572	5,563,369	5,310,729	4,134,519
Discontinued operations:						
Miscellaneous (Note 36)	—	110	19,718	—	—	—
	₱6,997,609	₱6,340,436	₱4,704,290	₱5,563,369	₱5,310,729	₱4,134,519

‘Credit card-related fees’ and ‘Interchange fees’ were generated from the credit card business of the Parent Company.

‘Miscellaneous’ includes income from securities brokering activities and other fees and commission.

26.2 Net Gains on Sale or Exchange of Assets

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Net gains from sale of investment properties	₱5,703,909	₱15,192	₱11,775	₱5,701,642	₱8,268	₱11,806
Net gains from foreclosure and repossession of investment properties	1,751,739	138,697	72,109	1,751,739	138,697	13,209
Net gains from sale of other assets	241,807	52,206	—	241,807	60,880	—
Net gains from sale of receivables	42,786	766,968	104,181	42,786	766,968	104,181
Net gains (losses) from sale of property and equipment (Note 11)	34,913	8,399	7,777	32,027	(789)	1,297
	₱7,775,154	₱981,462	₱195,842	₱7,770,001	₱974,024	₱130,493

In September 2021, the Parent Company sold certain NPLs with aggregate outstanding balances before sale, including accrued interest, of ₱5.5 billion, resulting in a gain from sale of receivables of ₱767.0 million.



27. Miscellaneous Income and Expenses

27.1 Miscellaneous Income

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Recoveries	₱303,435	₱85,164	₱33,000	₱221,253	₱84,463	₱24,685
Rental income (Notes 29 and 33)	275,865	513,904	680,332	47,345	211,775	383,733
Miscellaneous - Loan-related	205,253	25,763	29,224	205,253	25,763	29,224
Income from assets acquired	95,736	183,173	258,708	95,736	183,173	253,128
Dividends	51,211	63,608	86,139	11,139	23,584	45,811
Miscellaneous - Credit card-related	12,605	15,912	8,812	12,605	15,912	8,812
Referral fees	3,301	2,491	3,188	—	—	—
Miscellaneous - Trade-related	351	188	17,055	351	188	17,055
Others	188,935	179,844	128,241	127,751	214,968	144,304
	1,136,692	1,070,047	1,244,699	721,433	759,826	906,752
Discontinued operations (Note 36):						
Rental income	—	375,556	—	—	—	—
Others	—	111,401	243,860	—	—	—
	—	486,957	243,860	—	—	—
	₱1,136,692	₱1,557,004	₱1,488,559	₱721,433	₱759,826	₱906,752

‘Others’ consist of income from wire transfers, tellers’ overages, and penalty payments received by the Group which are related to loan accounts.

27.2 Miscellaneous Expenses

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Secretarial, janitorial and messengerial	₱1,790,422	₱1,682,794	₱1,631,137	₱1,779,543	₱1,669,906	₱1,605,223
Insurance	1,778,214	1,997,478	1,833,686	1,763,300	1,983,103	1,787,331
Information technology	1,193,975	1,304,930	1,448,623	1,165,865	1,283,294	1,431,600
Marketing expenses	1,070,147	719,070	737,110	1,063,239	713,832	732,788
Litigation and assets acquired expenses (Note 13)	373,740	395,386	248,302	373,549	394,534	243,489
Travelling	339,868	284,484	289,765	333,898	280,090	282,758
Management and other professional fees	279,363	294,090	363,710	220,880	245,853	291,457
Stationery and supplies	269,669	269,813	265,226	260,333	261,679	255,914
Common use service area (CUSA) charges (Note 33)	188,770	—	—	188,770	—	—
Postage, telephone and cable	156,800	151,560	163,160	127,895	124,270	125,244
Entertainment, amusement and recreation (EAR) (Note 30)	154,987	189,098	147,421	145,423	181,251	137,152
Value-added tax on leases	141,988	88,116	—	141,988	88,116	—
Repairs and maintenance	79,303	70,375	62,161	79,303	70,375	62,161
Freight	41,599	42,418	30,973	41,547	42,320	29,428
Fuel and lubricants	16,301	14,172	14,157	13,751	11,477	10,931
Loss on loan modifications	—	—	1,587,605	—	—	1,587,605
Others (Note 33)	176,796	698,971	190,403	111,146	624,455	54,893
	8,051,942	8,202,755	9,013,439	7,810,430	7,974,555	8,637,974

(Forward)



	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Discontinued operations:						
Management and other professional fees (Note 33)	₱—	₱109,776	₱1,843	₱—	₱—	₱—
Insurance	—	10,363	457	—	—	—
Information technology	—	2,906	6,918	—	—	—
Marketing expenses	—	2,236	8,514	—	—	—
Secretarial, janitorial and messengerial	—	1,620	6,015	—	—	—
Postage, telephone and cable	—	751	3,232	—	—	—
Travelling	—	508	2,390	—	—	—
Stationery and supplies	—	449	2,090	—	—	—
Fuel and lubricants	—	411	2,327	—	—	—
EAR	—	142	2,575	—	—	—
Others	—	2,832	8,649	—	—	—
	—	131,994	45,010	—	—	—
	₱8,051,942	₱8,334,749	₱9,058,449	₱7,810,430	₱7,974,555	₱8,637,974

‘Loss on loan modifications’ pertains to the adjustment for the changes in expected cash flows of credit exposures, as a result of modifications in the original terms and conditions of the loan which include, but not limited to, changes in interest rates, principal amount, maturity date, and payment terms. The Group accommodated modifications in the terms and conditions of certain loans of borrowers, which have been directly impacted by the COVID-19 pandemic. The loss is computed as the difference between the gross carrying amount of the loan and the present value of the modified contractual cash flows, discounted at the original effective interest rate of the loan. Subsequent accretion to interest income in 2022 and 2021 amounted to ₱369.2 million and ₱351.5 million, respectively.

‘Others’ include stationery and supplies used, donation, fines, penalties, periodicals, magazines and other charges.

28. Retirement Plan

The Parent Company and certain subsidiaries of the Group have separate funded, noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The amounts of net defined benefit liability in the statements of financial position follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Retirement benefit liability (included in ‘Other liabilities’) (Note 22)	₱384,838	₱926,259	₱382,449	₱923,116
Net plan assets (included in ‘Other assets - miscellaneous’) (Note 15)	5,988	5,678	—	—
	₱378,850	₱920,581	₱382,449	₱923,116

The Parent Company also provides certain post-employee benefit through a guarantee of a specified return on contributions in one of its employee investment plans (EIP).



The changes in the present value obligation and fair value of plan assets are as follows:

Consolidated											
2022											
	Net benefit cost					Remeasurements in other comprehensive income					
	January 1, 2022	Current Service Cost	Past Service Cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer
Present value of pension obligation	₱9,016,762	₱593,481	₱312,332	₱425,991	₱1,331,804	(₱1,069,819)	₱—	₱153,996	(₱1,170,195)	(₱1,016,199)	₱—
Fair value of plan assets	8,096,181	—	—	383,369	383,369	(1,069,819)	(373,885)	—	—	(373,885)	847,852
	₱920,581	₱593,481	₱312,332	₱42,622	₱948,435	₱—	₱373,885	₱153,996	(₱1,170,195)	(₱642,314)	(₱847,852)
											₱378,850

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income

Consolidated											
2021											
	Net benefit cost					Remeasurements in other comprehensive income					
	January 1, 2021	Current Service Cost	Past Service Cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer
Present value of pension obligation	₱9,138,303	₱581,774	₱—	₱309,967	₱891,741	(₱635,622)	₱—	(₱114,426)	(₱263,234)	(₱377,660)	₱—
Fair value of plan assets	7,931,953	—	—	269,847	269,847	(635,622)	(220,117)	—	—	(220,117)	750,120
	₱1,206,350	₱581,774	₱—	₱40,120	₱621,894	₱—	₱220,117	(₱114,426)	(₱263,234)	(₱157,543)	(₱750,120)
											₱920,581

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income



Parent Company											
2022											
Net benefit cost						Remeasurements in other comprehensive income					
January 1, 2022	Current Service Cost	Past Service Cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2022
Present value of pension obligation	₱8,959,007	₱588,010	₱312,332	₱424,265	₱1,324,607	(₱1,069,819)	₱-	₱151,832	(₱1,159,910)	(₱1,008,078)	₱8,205,717
Fair value of plan assets	8,035,891	-	-	381,705	381,705	(1,069,819)	(372,362)	-	(372,362)	847,853	7,823,268
	₱923,116	₱588,010	₱312,332	₱42,560	₱942,902	₱-	₱372,362	₱151,832	(₱1,159,910)	(₱635,716)	₱382,449

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income

Parent Company											
2021											
Net benefit cost						Remeasurements in other comprehensive income					
January 1, 2021	Current Service Cost	Past Service Cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2021
Present value of pension obligation	₱9,085,073	₱572,224	₱-	₱307,994	₱880,218	(₱635,622)	₱-	(₱111,642)	(₱259,020)	(₱370,662)	₱8,959,007
Fair value of plan assets	7,879,861	-	-	267,915	267,915	(635,622)	(219,871)	-	(219,871)	743,608	8,035,891
	₱1,205,212	₱572,224	₱-	₱40,079	₱612,303	₱-	₱219,871	(₱111,642)	(₱259,020)	(₱150,791)	₱923,116

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income

In 2022, the Parent Company amended certain provisions of its defined benefit retirement plan and EIP, resulting in the recognition of past service costs amounting to ₱312.3 million.



The latest actuarial valuations for these retirement plans were made as of December 31, 2022. The following table shows the actuarial assumptions as of December 31, 2022 and 2021 used in determining the retirement benefit obligation of the Group:

	Consolidated		Parent Company			
	2022	2021	Regular Plans		EIP	
	2022	2021	2022	2021	2022	2021
Discount rate	6.92% - 7.15%	3.45% - 4.99%	6.92%	4.75%	6.93%	4.75%
Salary rate increase	6.00% - 10.00%	3.00% - 10.00%	6.00%	6.00%	—	—

The Group and the Parent Company employ asset-liability matching strategies to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement plan. Retirement plans are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations and maximize opportunities for higher potential returns at the least risk.

The current plan assets of the Group and the Parent Company are allocated to cover benefit payments in the order of their proximity to the present time. Expected benefit payments are projected and classified into short-term or long-term liabilities. Investment instruments that would match the liabilities are identified. This strategy minimizes the possibility of the asset-liability match being distorted due to the Group's and the Parent Company's failure to contribute in accordance with its general funding strategy.

The Group and the Parent Company expect to contribute ₱730.7 million and ₱724.9 million, respectively, to the defined benefit plans in 2023. The average duration of the retirement liability of the Group and the Parent Company as of December 31, 2022 is 14 years and 9 years, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Less than one year	₱1,715,711	₱1,639,472	₱1,715,118	₱1,638,962
More than one year to five years	5,337,983	5,181,164	5,313,181	5,176,283
More than five years to 10 years	4,452,313	4,356,064	4,399,376	4,310,518
More than 10 years to 15 years	3,946,295	3,625,801	3,867,711	3,530,315
More than 15 years	9,333,106	8,998,036	8,884,949	8,592,546

The fair values of plan assets by each class as at the end of the reporting periods are as follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Cash and cash equivalents (Note 33)	₱3,897,238	₱3,792,281	₱3,887,225	₱3,783,563
Equity investments				
Electricity, gas and water	225,683	284,300	224,668	284,300
Real estate, renting and business activities	210,570	466,747	207,323	466,747
Financial institutions (Note 33)	161,806	177,928	156,169	165,210
Others	192,136	201,956	182,638	194,636
Debt investment				
Government securities	1,796,154	1,752,649	1,787,280	1,743,551
Private debt securities	626,677	537,016	618,124	528,473
Investment in UITFs (Note 33)	565,266	805,211	555,186	794,979
Loans and receivables	160,380	63,360	160,380	63,360
Interest and other receivables	50,782	17,232	47,121	13,491
	7,886,692	8,098,680	7,826,114	8,038,310
Accrued expenses	(2,994)	(2,499)	(2,846)	(2,420)
	₱7,883,698	₱8,096,181	₱7,823,268	₱8,035,890



All equity and debt investments held have quoted prices in active markets. Fair value of investments in UITFs is based on their published net asset value per share. The remaining plan assets do not have quoted market prices in an active market, thus, their fair value is determined using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

The fair value of the plan assets as of December 31, 2022 and 2021 for the Group includes investments in the Parent Company shares of stock with fair value amounting to ₱156.2 million and ₱165.2 million, respectively (refer to Note 33.3).

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

2022				
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱452,402)	+1.00%	(₱446,082)
	-1.00%	504,175	-1.00%	496,643
Salary increase rate	+1.00%	469,231	+1.00%	461,837
	-1.00%	(432,648)	-1.00%	(426,285)
Employee turnover rate	+10.00%	61,043	+10.00%	60,283
	-10.00%	(61,043)	-10.00%	(60,283)

2021				
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱545,838)	+1.00%	(₱538,945)
	-1.00%	618,425	-1.00%	610,126
Salary increase rate	+1.00%	557,244	+1.00%	549,222
	-1.00%	(504,192)	-1.00%	(497,358)
Employee turnover rate	+10.00%	(201,187)	+10.00%	(200,279)
	-10.00%	201,187	-10.00%	200,279

Full actuarial valuations were performed to test the sensitivity of the defined benefit obligation to a 1.00% increment in salary increase rate and a 1.00% decrement in the discount rate. The results also provide a good estimate of the sensitivity of the defined benefit obligation to a 1.00% decrement in salary increase rate and a 1.00% increment in the discount rate.

29. Leases

29.1 Group as Lessee

The Group has entered into commercial leases for its branch sites, ATM offsite location and other equipment. These non-cancellable leases have lease terms of 1 to 25 years. Most of these lease contracts include escalation clauses, an annual rent increase of 2.00% to 10.00%. The Group ROU asset is composed of the Parent Company's branch sites and its subsidiaries offices under lease arrangements.



The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Rent expense charged against current operations (included in 'Occupancy and equipment-related costs' in the statements of income) amounted to ₱270.2 million, ₱251.5 million and ₱580.6 million in 2022, 2021 and 2020, respectively, for the Group, of which ₱201.6 million, ₱223.2 million and ₱532.9 million in 2022, 2021, and 2020, respectively, pertain to the Parent Company. Rent expenses in 2022, 2021 and 2020 pertain to expenses from short-term leases and leases of low-value assets.

As of December 31, 2022 and 2021, the Group has no contingent rent payable.

As of December 31, 2022 and 2021, the carrying amounts of 'Lease liabilities' are as follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Balance at beginning of year	₱3,765,391	₱1,366,016	₱3,698,410	₱1,370,206
Additions	799,014	3,377,981	789,687	3,298,634
Payments	(1,113,225)	(1,231,287)	(1,068,038)	(1,213,912)
Interest expense (Note 19)	171,885	112,591	170,692	107,052
Effect of loss of control over PNB Holdings	—	179,095	—	136,430
Effect of discontinued operations (Note 36)	—	(39,005)	—	—
Transfers	13,326	—	13,326	—
	₱3,636,391	₱3,765,391	₱3,604,077	₱3,698,410

The Parent Company has lease contracts with its affiliates (Note 33).

Future minimum rentals payable under non-cancelable leases follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Within one year	₱1,010,202	₱1,097,903	₱925,509	₱1,086,436
Beyond one year but not more than five years	3,172,151	2,498,020	3,058,101	2,486,540
More than five years	801,283	1,446,578	705,688	1,446,578
	₱4,983,636	₱5,042,501	₱4,689,298	₱5,019,554

29.2 Group as Lessor Under Operating Leases

The Parent Company has entered into commercial property leases on its investment properties. These non-cancelable leases have lease terms of one to five years. Some leases include escalation clauses (such as 5.00% per year). In 2022, 2021 and 2020, total rent income (included under 'Miscellaneous income') amounted to ₱275.9 million, ₱513.9 million and ₱680.3 million, respectively, for the Group and ₱47.3 million, ₱211.8 million and ₱383.7 million, respectively, for the Parent Company (refer to Note 27.1).

Future minimum rentals receivable of the Group under non-cancelable operating leases follow:

	2022	2021
Within one year	₱42,163	₱645,654
Beyond one year but not more than five years	460,051	102,795
	₱502,214	₱748,449



29.3 Group as Lessor Under Finance Leases

Leases where the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased asset are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease (effective interest method). Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

The future minimum lease receivables under finance leases are disclosed under 'Loans and Receivables' in Note 10.2.

30. Income and Other Taxes

30.1 Philippine Tax Landscape and Regulations

Under Philippine tax laws, the Parent Company and certain subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp tax.

Income taxes include the corporate income tax, discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from the FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for (benefit from) income tax' in the statements of income.

On March 26, 2021, Republic Act No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of CREATE, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the CREATE.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's and the Parent Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020.

Impact of CREATE Law

Applying the provisions of the CREATE Law, the Group and the Parent Company is subjected to lower regular corporate income tax rate of 25.00% effective July 1, 2020. The following are the impact of CREATE in the 2021 financial statements of the Group and the Parent Company:

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates applicable to the Group and the Parent Company for the taxable year 2020 is 27.50% and 1.50%, respectively. This resulted in reduction in the current income tax due for the taxable year 2020 amounting to ₱365.1 million and ₱361.4 million



for the Group and the Parent Company, respectively. The reduced amounts were reflected in the 2020 Annual Income Tax Returns filed in 2021. For financial reporting purposes, such reductions in the 2020 current income taxes were recognized in the 2021 financial statements as reduction to 2021 income tax expense.

- The deferred tax assets as of December 31, 2021 were also remeasured using the lower RCIT rate of 25.00%. The net decrease in the deferred tax balances amounting to ₱1.5 billion for the Group and the Parent Company, reduced the provision for deferred tax by ₱1.5 billion for the Group and the Parent Company, and other comprehensive income by ₱9.2 million and ₱9.4 million for the Group and the Parent Company.

There were no tax-related contingent liabilities and contingent assets arising from the changes in the tax rates due to CREATE Act.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR charged against current operations (included in 'Miscellaneous expenses' in the statements of income) amounted to

₱155.0 million in 2022, ₱189.1 million in 2021, and ₱147.4 million in 2020 for the Group, and ₱145.4 million in 2022, ₱181.3 million in 2021, and ₱137.2 million in 2020 for the Parent Company (refer to Note 27.2).

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

30.2 Provision for (Benefit from) Income Tax

This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Continuing operations:						
Current						
Regular	₱3,463,008	₱1,549,711	₱3,215,178	₱3,238,970	₱1,316,245	₱3,186,427
Final	1,807,104	1,411,669	1,459,926	1,784,869	1,372,443	1,388,839
	5,270,112	2,961,380	4,675,104	5,023,839	2,688,688	4,575,266
Deferred	(338,884)	2,583,814	(6,541,506)	(339,814)	2,323,873	(6,520,787)
	4,931,228	5,545,194	(1,866,402)	4,684,025	5,012,561	(1,945,521)
Discontinued operations (Note 36):						
Current						
Regular	—	177,048	68,831	—	—	—
Final	—	15,813	20,519	—	—	—
	—	192,861	89,350	—	—	—
Deferred	—	(84,259)	(768)	—	—	—
	—	108,602	88,582	—	—	—
	₱4,931,228	₱5,653,796	(₱1,777,820)	₱4,684,025	₱5,012,561	(₱1,945,521)



30.3 Deferred Taxes

The amounts of net deferred tax assets in the statements of financial position follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Deferred tax assets	₱6,616,902	₱6,405,505	₱6,574,190	₱6,271,578
Deferred tax liabilities (Note 22)	165,721	165,228	–	–
	₱6,451,181	₱6,240,277	₱6,574,190	₱6,271,578

The components of net deferred tax assets reported in the statements of financial position follow:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Deferred tax assets on:				
Allowance for impairment, credit and other losses	₱9,055,746	₱8,467,637	₱9,070,709	₱8,395,806
Accumulated depreciation on investment properties and appraisal increment	520,544	495,884	520,544	495,884
Accrued expenses	372,660	469,714	372,660	469,714
Deferred revenues	162,342	129,050	162,342	129,050
Retirement liability	50,617	52,434	–	–
Unrealized losses on financial assets at FVTPL and FVOCI	–	42,169	–	42,169
Others	8,476	9,812	–	–
	10,170,385	9,666,700	10,126,255	9,532,623
Deferred tax liabilities on:				
Revaluation increment on land and buildings ^{1/}	1,536,217	1,536,629	1,536,217	1,536,629
Fair value adjustments on asset foreclosures and dacion transactions	1,414,221	1,066,381	1,265,883	918,043
Unrealized foreign exchange gains	339,957	340,458	339,957	340,458
Gain on remeasurement of previously held interest	246,651	246,651	246,651	246,651
Fair value adjustments due to business combination	161,634	210,574	161,634	210,574
Unrealized gains on financial assets at FVTPL and FVOCI	1,882	8,836	1,723	8,690
Others	18,642	16,894	–	–
	3,719,204	3,426,423	3,552,065	3,261,045
	₱6,451,181	₱6,240,277	₱6,574,190	₱6,271,578

^{1/} Balance includes deferred tax liability amounting to ₱613.7 million acquired from business combination

As of December 31, 2022 and 2021, the Group's net deferred tax liabilities as disclosed in 'Other liabilities' (refer to Note 22) include deferred tax liabilities on fair value adjustments due to business combination amounting to ₱148.3 million.

Benefit from deferred tax credited directly to OCI pertaining to remeasurement losses on retirement plan amounted to nil and ₱2.5 million in 2022 and 2021, respectively, for the Group. Provision for deferred tax charged directly to OCI pertaining to net unrealized gains on financial assets at FVOCI amounting to ₱32.7 million for the Group and the Parent Company in 2022, and ₱87.6 million for the Group and the Parent Company in 2021.



Unrecognized deferred tax assets

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following unused tax credit and losses and temporary differences since they believe that the related tax benefits will not be realized in the future:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Allowance for impairment and credit losses	₱8,615,344	₱13,997,827	₱8,615,344	₱6,642,377
Unamortized past service cost	2,140,071	2,540,326	2,140,071	2,540,326
Derivative liabilities	1,037,348	891,346	1,037,348	891,346
Unrealized losses on financial assets	870,774	—	870,774	—
Unrealized foreign exchange loss	627,501	1,450,079	627,501	1,450,079
Retirement liability	382,449	923,116	382,449	923,116
Lease liability	284,486	21,752	284,162	19,825
NOLCO	140,800	140,800	—	—
Unearned interest and discount	—	334,355	—	334,355
	₱14,098,773	₱20,299,601	₱13,957,649	₱12,801,424

Details of the Group's NOLCO follow:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱89,960	₱—	₱89,960	2025
2021	50,840	—	50,840	2026
	₱140,800	₱—	₱140,800	

Unrecognized deferred tax liabilities

As of December 31, 2022, there was a deferred tax liability of ₱840.4 million (₱736.1 million in 2021) for temporary differences of ₱3.4 billion (₱2.9 billion in 2021) related to investment in certain subsidiaries. However, this liability was not recognized because the Parent Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

30.4 Statutory Income Tax Reconciliation

The reconciliation between the statutory income tax rate to effective income tax rate follows:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Statutory income tax rate	25.00%	25.00%	30.00%	25.00%	25.00%	30.00%
Tax effects of:						
Non-deductible expenses	14.69	4.54	1,060.87	13.73	5.20	559.12
Net unrecognized deferred tax assets	(6.04)	6.03	(1,169.49)	(6.36)	5.46	(635.63)
Tax-exempt income	(2.91)	(21.93)	(116.17)	(2.96)	(22.94)	(65.28)
Tax-paid income	(2.01)	(0.63)	(85.73)	(2.05)	(0.66)	(47.66)
FCDU loss (income) before tax	1.49	2.61	(59.81)	1.52	2.73	(32.34)
Optional standard deduction	(0.36)	(0.08)	—	—	—	—
CREATE adjustment – deferred tax	—	0.01	—	—	0.01	—
CREATE adjustment – current tax	—	(0.95)	—	—	(0.99)	—
Effective income tax rate	29.86%	14.60%	(340.33%)	28.88%	13.81%	(191.79%)



31. Earnings Per Share

Earnings per share attributable to equity holders of the Parent Company is computed as follows:

	2022	2021	2020
a) Net income attributable to equity holders of the Parent Company	₱11,532,318	₱31,630,626	₱2,614,653
b) Weighted average number of common shares for basic earnings per share (Note 25)	1,525,765	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	₱7.56	₱20.73	₱1.71

Earnings per share attributable to equity holders of the Parent Company from continuing operations is computed as follows:

	2022	2021	2020
a) Net income attributable to equity holders of the Parent Company from continuing operations	₱11,532,318	₱32,365,991	₱2,403,984
b) Weighted average number of common shares for basic earnings per share (Note 25)	1,525,765	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	₱7.56	₱21.21	₱1.58

In 2022, 2021 and 2020, there are no potential common shares with dilutive effect on the basic earnings per share.

32. Trust Operations

Securities and other properties held by the Parent Company through its Trust Banking Group (TBG) in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱152.7 billion and ₱143.3 billion as of December 31, 2022 and 2021, respectively. In connection with the trust functions of the Parent Company, government securities amounting to

₱1.6 billion (included under 'Investment securities at amortized cost') as of December 31, 2022 and 2021 are deposited with the BSP in compliance with trust regulations (refer to Note 9.3).

Trust fee income in 2022, 2021 and 2020 amounting to ₱317.8 million, ₱319.4 million and ₱314.9 million, respectively, is included under 'Service fees and commission income' (refer to Note 26.1).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱24.7 million, ₱23.2 million and ₱20.4 million in 2022, 2021 and 2020, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital (refer to Note 25.3).



33. Related Party Transactions

33.1 Summary of Significant Related Party Transactions

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control. Transactions reported under other related parties represent companies which are under common control.

	2022		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱1,323,009	Peso and foreign currency deposits with annual rates ranging from 0.0% to 4.75%
Net deposits	₱1,318,594		Net deposits during the period
Interest expense	17,621		Interest expense on deposits
Accrued interest payable		2,060	Accrued interest on deposit liabilities
Subsidiaries			
Receivables from customers		₱1,105,000	Term loan maturing in January 2023 with nominal interest rate of 8.4%; includes domestic bills purchased; fully provided with allowance for credit losses
Loan releases	₱1,680,302		
Loan collections	2,057,558		
Credit facilities		11,925,849	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit; with provision for liability of ₱649.7 million relating to undrawn loan commitments of PMLFC
Interbank loans receivable		15,147	Foreign currency-denominated interbank term loans with interest rates ranging from 0.01% to 4.50% and maturity on March 2023 with ACB
Availments	80,632		
Settlements	94,888		
Due from other banks		269,904	Foreign currency-denominated demand deposits
Accrued interest receivable		3,187	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		60,474	Peso and USD remittances cover
Deposit liabilities		3,494,470	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 4.85% and maturities up to 2 years
Net withdrawals	9,193,250		Net withdrawals during the period
Bills payable		13,904	Foreign currency-denominated bills payable with ACB maturing in March 2023 with interest rate of 4.0%
Availments	81,140		
Settlements	97,713		
Due to other banks		122,139	Foreign currency-denominated clearing accounts used for funding and settlement of remittances with GRFC, IIC, PNB Europe, and ACB
Accrued interest payable		11,206	Accrued interest on deposit liabilities and bills payable
Interest income	102,763		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	87,562		Interest expense on deposit liabilities and bills payable
Service fees and commission income	171,433		Various services rendered by PNB to its subsidiaries covered by a service level agreement; also includes PNB's share in service fees
Rental income	145		Payment received for the use or occupation of property
Miscellaneous other income	4,562		Management and other professional fees



2022			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Securities transactions			
Purchases	₱3,990		Outright purchase of securities
Sales	948,190		Outright sale of securities
Trading gain	19		Gain from sale of investment securities
Other Related Parties			
Receivables from customers		₱41,077,025	Partly secured by real estate, vehicles, deposits, government securities, among others; With interest rates ranging from 2.5% to 11.5% with remaining maturity terms ranging from 7 days to 9 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱2.9 billion
Loan releases	₱12,130,218		
Loan collections	28,633,622		
Credit facilities		94,657,106	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		1,065	Receivable from sale of property paid in installments; with interest rate of 5.0% and maturing in July 2027
Financial assets at FVOCI		23,218,499	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱325.8 million recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		132,080	Accrued interest on receivables from customers
Security deposit		55,513	Amount given to fulfill the terms of the lease contract
Deferred charges		5,097	Lease payments under the lease contract paid in advance
Right-of-use assets		3,352,161	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated amortization of right-of-use assets		1,115,025	
Deposit liabilities		40,352,466	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 30 days to 365 days
Net deposits	4,235,274		Net deposits during the period
Bonds payable		84,840	Foreign currency bonds with interest rate of 4.25% with maturity terms of five years.
Accrued interest payable		75,597	Accrued interest payable from various deposits
Lease liabilities		2,191,862	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		319,882	Accruals in relation to promotional expenses
Deferred revenue		44,444	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income		3,334	Amortization of fees under the bancassurance agreement with ABIC
Interest income	723,194		Interest income on receivables from customers
Interest expense	570,304		Interest expense on deposit liabilities, bonds payable and lease liabilities
Amortization expense	555,048		Amortization of right-of-use asset relating to leases of office spaces
Miscellaneous expenses	270,820		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; and promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.
Securities transactions			
Purchases	13,089,879		Outright purchase of securities
Sales	6,926,458		Outright sale of securities
Trading loss	(23,612)		Loss from sale of investment securities
Rental income	8,779		Payment received for the use or occupation of property



2022			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Remittance transactions			
Fund transfers	₱2,527,729		Peso equivalent of funds transferred
Service fees	3,956		Income share and commission on remittance transactions
Associate			
Deposit liabilities		₱468,046	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0% to 0.10%
Net withdrawals	₱86,560		
Accrued interest payable		19	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		622,192	Unamortized portion of income related to the sale of APLII
Interest expense	2,066		Interest expense on deposit liabilities
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Key Management Personnel			
Loans to officers		₱2,778	Housing loans to senior officers with interest rates ranging from 3% to 15%; Secured and unimpaired
Accrued interest receivable		9	Accrued interest on loans
Loan collections	₱714		Settlement of loans and interest
Interest income	212		Interest income on housing loans
Deposit liabilities		118,975	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	15,019		Net deposits during the period
Interest expense	3,823		Interest expense on deposits
Accrued interest payable		144	Accrued interest on deposit liabilities
2021			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱4,415	Peso-denominated savings deposits with annual rates ranging from 0.10% to 0.125%
Net withdrawals	₱127,586		Net withdrawals during the period
Interest expense	5		Interest expense on deposits
Subsidiaries			
Receivables from customers		₱1,471,253	Term loan maturing in 2022 with nominal interest rates ranging from 2.60% to 5.70%; includes domestic bills purchased; with aggregate allowance for credit losses of ₱1.4 billion
Loan releases	₱1,557,106		
Loan collections	1,986,548		
Credit facilities		13,796,172	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit; with provision for liability of ₱125.1 million relating to undrawn loan commitments of PMLFC
Interbank loans receivable		29,403	Foreign currency-denominated interbank term loans with interest rates ranging from 0.15% to 0.25% and maturity terms ranging from 116 to 152 days with Allied Commercial Bank Xiamen
Availments	104,698		
Settlements	94,537		
Due from other banks		248,314	Foreign currency-denominated demand and time deposits with maturities of up to 90 days with annual fixed interest rates ranging from 0.01% to 4.50% with PNB Europe.



2021			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accrued interest receivable		₱7,520	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		67,772	Advances to finance pension liability, remittance cover and additional working capital; Non-interest bearing, unsecured, payable on demand
Deposit liabilities		12,687,720	Peso and foreign currency denominated demand, savings, and time deposits with annual fixed interest rates ranging from 0.125% to 1.125% and maturities from 30 to 365 days
Net deposits	₱22,739		Net deposits during the period
Bills payable		30,477	Foreign currency-denominated bills payable with ACB; Interest rates range from 0.1% to 0.2% and maturity terms ranging from 116 to 152 days.
Avaliments	106,095		
Settlements	94,445		
Due to other banks		35,719	Foreign currency-denominated clearing accounts used for funding and settlement of remittances with GRFC, IIC, PNB Europe, and ACB
Accrued interest payable		103,473	Accrued interest on deposit liabilities and bills payable
Rental deposit		4,044	Advance rental deposit received for 2 years and 3 months
Interest income	69,370		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	18,072		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	2,506		Management and other professional fees
Securities transactions			
Purchases	1,890,889		Outright purchase of securities
Sales	281,588		Outright sale of securities
Trading gain	7,149		Gain from sale of investment securities
Other Related Parties			
Receivables from customers		₱57,580,429	Partly secured by real estate and aircraft; With interest rates ranging from 2.12% to 9.72% with remaining maturity terms ranging from 7 days to 10 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱11.1 billion
Loan releases	₱45,161,134		
Loan collections	30,848,903		
Credit facilities		32,168,949	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Financial assets at FVOCI		22,989,975	Retained 49.00% interest in PNB Holdings, with unrealized gain of ₱117.1 million recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		127,339	Accrued interest on receivables from customers
Right-of-use assets		3,354,358	Lease of office space with terms ranging from 20 months to 10 years
Deposit liabilities		36,117,192	Peso-denominated and foreign currency-denominated demand, savings and time deposits with annual interest rates ranging from 0.125% to 1.125% and maturity terms ranging from 30 days to 365 days
Net deposits	15,060,480		Net deposits during the period
Bonds payable		76,499	Foreign currency bonds with interest rate of 4.25% with maturity terms of five years.
Accrued interest payable		16,900	Accrued interest payable from various deposits
Lease liabilities		3,180,228	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		57,369	Accruals in relation to promotional expenses



2021			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Deferred revenue		₱47,778	Unamortized portion of income related to the Bancassurance agreement with ABIC
Interest income	₱520,535		Interest income on receivables from customers and on the unpaid consideration by ABIC for the sale of shares in PNB Gen
Interest expense	211,108		Interest expense on deposit liabilities, bonds payable and lease liabilities
Depreciation expense	559,978		Amortization of right-of-use asset relating to leases of office spaces
Occupancy expenses	163,020		Expenses relating to short-term leases from PNB Holdings
Loss on sale of investment in a subsidiary	134,861		Loss on sale of 65.75% interest of the Parent Company in PNB Gen to ABIC
Service fees and commission income	2,222		Bancassurance fees earned based on successful referrals and income related to the sale of PNB Gen
Miscellaneous expenses	9,672		Promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.
Securities transactions			
Purchases	581,931		Outright purchase of securities
Sales	151,288		Outright sale of securities
Associate			
Deposit liabilities		₱554,606	Peso-denominated and foreign currency-denominated demand, savings and time deposits with annual interest rates ranging from 0.125% to 2.0% and maturity terms ranging from 30 days.
Net deposits	₱226,926		
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		695,391	Unamortized portion of income related to the sale of APLII
Interest expense	412		Interest expense on deposit liabilities
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Key Management Personnel			
Loans to officers		₱3,492	Housing loans to senior officers with interest rates ranging from 3.00% to 15.00%; Secured and unimpaired
Loan collections	₱669		Settlement of loans and interest

The related party transactions shall be settled in cash.

Remedies over a loan exposure to a related party

In April 2022, the Parent Company entered into a dacion agreement with a related party over an investment property with fair value at the time of dacion of ₱1.4 billion in settlement of certain loans. The remedy to settle the loan also provided for the conversion of the remaining debt to equity shares of the former borrower.

Transactions relating to the investment in PNB Holdings

As discussed in Note 12.4, the Parent Company executed a proxy in favor of LTG to vote for the remaining 49.00% held by the Group in PNB Holdings. As a result, the Group accounted for its retained interest in PNB Holdings as financial asset at FVOCI with no recycling to profit and loss. The Group and the Parent Company recognized a gain of ₱33.5 billion from the loss of control and remeasurement of the retained interest in PNB Holdings (refer to Note 12.4).



Financial assets at FVTPL traded through PNB Securities

As of December 31, 2022 and 2021, the Parent Company's financial assets at FVTPL include equity securities traded through PNB Securities with a fair value of ₱15.4 million and ₱130.3 million, respectively. The Parent Company recognized trading gains amounting to ₱0.1 million in 2022 and ₱7.1 million in 2021 and trading losses of ₱61.5 million in 2020 from the transactions facilitated by PNB Securities.

Joint arrangements with Eton Properties Philippines, Inc. (EPPI)

The Parent Company and EPPI signed two joint venture agreements (JVAs) for the development of two real estate properties of the Parent Company included under 'Other assets' (refer to Note 15) and with carrying values of ₱1.2 billion at the time of signing. EPPI and the Group are under common control. These two projects are among the Parent Company's strategies in reducing its non-performing assets. The Parent Company contributed the aforementioned properties into the joint venture (JV) as approved by BSP. EPPI, on the other hand, contributed its resources and technical expertise for the completion of the said JV. The Parent Company is prohibited to contribute funds for the development of the JV. Income from the sale of the properties under the JV will be shared by the Parent Company and EPPI in accordance with the terms of the JVAs.

In July 2016, the Parent Company executed deeds of conveyance to EPPI on the areas of the land under the JVA arrangement. The execution of the deeds of conveyance was made to facilitate the issuance of the condominium certificates of title to the buyers.

33.2 Remuneration of Key Management Personnel and Directors

The compensation of the key management personnel for the Group and Parent Company follows:

	2022	2021	2020
Short-term employee benefits	₱517,114	₱460,711	₱481,184
Post-employment benefits	47,424	50,629	55,308
	₱564,538	₱511,340	₱536,492

Non-executive directors are entitled to a per diem as follows: ₱50,000 for each BOD meeting attended and ₱25,000 for each BOD committee meeting attended, provided that in no case shall the total per diem exceed ₱0.25 million per month for committee meetings. No other emoluments are granted to non-executive directors of the Parent Company except for the aforementioned per diem. There is no profit-sharing arrangement between the Parent Company and its BOD. In 2022 and 2021, total per diem given to non-executive directors amounted to ₱62.6 million and ₱67.5 million, respectively, recorded in 'Miscellaneous expenses' in the statements of income. Directors' remuneration covers all BOD activities and membership of committees and subsidiary companies.

In 2021 and 2020, key management personnel received 20,099 and 21,474, respectively, Parent Company shares in relation to the centennial bonus distribution.

33.3 Transactions with Retirement Plans

Management of the retirement funds of the Group and the Parent Company is handled by its TBG. The fair values and carrying values of the funds of the Group amounted to ₱7.9 billion and ₱8.1 billion as of December 31, 2022 and 2021, respectively and the fair values of the funds of the Parent Company amounted to ₱7.8 billion and ₱8.0 billion as of December 31, 2022 and 2021, respectively.



Relevant information on transactions with the retirement plans follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Investment in PNB UITFs	₱558,013	₱805,211	₱555,186	₱794,979
Deposits with PNB	481,123	1,006,570	480,913	1,005,202
Investment in PNB shares	156,169	165,210	156,169	165,210
Total Fund Assets	₱1,195,305	₱1,976,991	₱1,192,268	₱1,965,391
Unrealized gain (loss) on PNB shares	(₱9,041)	(₱76,030)	(₱9,041)	(₱76,030)
Unrealized gain (loss) on PNB UITF	(35,926)	8,296	(35,926)	8,296
Interest income	18,314	3,607	17,412	3,607
	(26,653)	(64,127)	(27,555)	(64,127)
Trust fees	(9,152)	(9,139)	(9,290)	(9,139)
Net Fund Losses	(₱35,805)	(₱73,266)	(₱36,845)	(₱73,266)

As of December 31, 2022 and 2021, the retirement funds of the Group and the Parent Company include 8,219,406 PNB shares, respectively, classified as financial assets at FVTPL. There are no limitations and restrictions over the PNB shares while the corresponding voting rights are exercised by a trust officer or any of its designated alternate officer of TBG.

In addition to the regular retirement funds, TBG also manages the funds of the Parent Company's EIP.

34. Provisions, Contingent Liabilities and Other Commitments

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including several suits and claims which remain unsettled. No specific disclosures on such unsettled assets and claims are made because any such specific disclosures would prejudice the Group's position with the other parties with whom it is in dispute. Such exemption from disclosures is allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The Group and its legal counsel believe that any losses arising from these contingencies which are not specifically provided for will not have a material adverse effect on the financial statements.

There were no significant settlements made in 2022 and 2021.

In the ordinary course of the Group's operations, certain entities within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the consolidated financial position and results of operations.



35. Offsetting of Financial Assets and Liabilities

The effects of rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements to the Group and the Parent Company's financial statements are disclosed in the succeeding tables.

Consolidated

2022						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial instruments	Fair value of financial collateral	Net exposure
	[a]	[b]	[c]	[d]		[c-d]
Derivative assets	₱61,149,066	₱59,787,115	₱1,361,951	₱73,039	₱-	₱1,288,912
Securities held under agreements to resell (Note 8)	64,523,863	-	64,523,863	-	64,334,349	189,514
Total	₱125,672,929	₱59,787,115	₱65,885,814	₱73,039	₱64,334,349	₱1,478,426
2021						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial instruments	Fair value of financial collateral	Net exposure
	[a]	[b]	[c]	[d]		[c-d]
Derivative assets	₱88,929,845	₱87,564,794	₱1,365,051	₱240,111	₱-	₱1,124,940
Securities held under agreements to resell (Note 8)	15,796,673	-	15,796,673	-	16,084,357	-
Total	₱104,726,518	₱87,564,794	₱17,161,724	₱240,111	₱16,084,357	₱1,124,940
2022						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial instruments	Fair value of financial collateral	Net exposure
	[a]	[b]	[c]	[d]		[c-d]
Derivative liabilities	₱70,051,569	₱69,011,793	₱1,039,776	₱456,745	₱-	₱583,031
Securities sold under agreements to repurchase (Notes 9 and 19)*	6,595,689	-	6,595,689	-	7,981,190	-
Total	₱76,647,258	₱69,011,793	₱7,635,465	₱456,745	7,981,190	₱583,031

* Included in bills and acceptances payable in the statements of financial position



2021						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱70,313,430	₱69,421,899	₱891,531	₱49,120	₱–	₱842,411
Securities sold under agreements to repurchase (Notes 9 and 19)*	38,494,178	–	38,494,178	–	38,336,528	157,650
Total	₱108,807,608	₱69,421,899	₱39,385,709	₱49,120	₱38,336,528	₱1,000,061

* Included in bills and acceptances payable in the statements of financial position

Parent Company

2022						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱61,146,943	₱59,787,115	₱1,359,828	₱73,039	₱–	₱1,286,789
Securities held under agreements to resell (Notes 8 and 19)	64,523,863	–	64,523,863	–	64,334,349	189,514
Total	₱125,670,806	₱59,787,115	₱65,883,691	₱73,039	₱64,334,349	₱1,476,303

2021						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱88,926,835	₱87,564,794	₱1,362,041	₱55,079	₱–	₱1,306,962
Securities held under agreements to resell (Notes 8 and 19)	15,796,673	–	15,796,673	–	16,084,357	–
Total	₱104,723,508	₱87,564,794	₱17,158,714	₱55,079	₱16,084,357	₱1,306,962

2022						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱70,051,569	₱69,011,793	₱1,039,776	₱456,745	₱–	₱583,031
Securities sold under agreements to repurchase (Notes 9 and 19)*	6,595,689	–	6,595,689	–	7,981,190	–
Total	₱76,647,258	₱69,011,793	₱7,635,465	₱456,745	7,981,190	₱583,031

* Included in bills and acceptances payable in the statements of financial position



2021						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱70,313,245	₱69,421,899	₱891,346	₱135,912	₱–	₱755,434
Securities sold under agreements to repurchase (Notes 9 and 19)*	38,494,178	–	38,494,178	–	38,336,528	157,650
Total	₱108,807,423	₱69,421,899	₱39,385,524	₱135,912	₱38,336,528	₱913,084

* Included in bills and acceptances payable in the statements of financial position

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

36. Discontinued Operations

36.1 PNB Gen

The results of operation of PNB Gen are presented below:

	2021	2020
Interest Income on		
Loans and receivables	₱35	₱202
Investment securities at amortized cost and FVOCI (Note 9)	19,830	81,734
Deposits with banks and others	34	5,087
	19,899	87,023
Interest Expense on		
Lease liabilities (Note 19)	530	2,698
Net Interest Income	19,369	84,325
Net Service Fees and Commission Income (Note 26)	110	19,718
Insurance premium	202,543	955,640
Insurance benefits and claims	143,605	716,820
Net Insurance Premium	58,938	238,820
Other Income		
Foreign exchange gains (losses) - net	1,804	(2,878)
Trading and investment securities gains - net (Note 9)	–	9,123
Total Operating Income	80,221	349,108
Operating Expenses		
Compensation and fringe benefits	37,040	152,265
Depreciation and amortization (Note 11)	6,592	28,862
Provision for (reversal of) credit losses (Note 16)	1,174	29,781
Occupancy and equipment-related costs	903	1,910
Taxes and licenses	290	4,750
Miscellaneous (Note 27)	8,832	43,539
Total Operating Expenses	54,831	261,107
Income Before Income Tax	25,390	88,001
Provision for Income Tax (Note 30)	4,774	20,418
Net Income from Discontinued Operations	₱20,616	₱67,583



Net insurance premium consists of:

	2021	2020
Net insurance premiums		
Gross earned premium	₱385,904	₱2,385,857
Reinsurer's share of gross earned premiums	(183,361)	(1,430,217)
	202,543	955,640
Less net insurance benefits and claims		
Gross insurance contract benefits and claims paid	207,003	2,241,488
Reinsurer's share of gross insurance contract benefits and claims paid	(130,493)	(1,983,736)
Gross change in insurance contract liabilities	48,017	1,410,172
Reinsurer's share of change in insurance contract liabilities	19,078	(951,104)
	143,605	716,820
	₱58,938	₱238,820

Net cash flows of PNB Gen follow:

	2021	2020
Net cash flows from operating activities	(₱36,288)	(₱27,016)
Net cash flows from investing activities	18,740	(242,063)
Net cash flows from financing activities	(1,912)	(22,648)
	(₱19,460)	(₱291,727)

36.2 PNB Holdings

The results of operation of PNB Holdings are presented below:

	2021	2020
Interest Income on		
Investment securities at amortized cost and FVOCI (Note 9)	₱—	₱500
Deposits with banks and others	1,143	5
	1,143	505
Interest Expense on		
Lease liabilities (Note 19)	2,998	202
Net Interest Income (Expense)	(1,855)	303
Net Service Fees and Commission Expense	(45,849)	(60)
Other Income		
Trading and investment securities gains - net (Note 9)	—	50
Miscellaneous income (Note 27)	486,957	243,860
Total Operating Income	439,253	244,153

(Forward)



	2021	2020
Interest Income on		
Investment securities at amortized cost and FVOCI (Note 9)	P–	P500
Deposits with banks and others	1,143	5
	1,143	505
Interest Expense on		
Lease liabilities (Note 19)	2,998	202
Net Interest Income (Expense)	(1,855)	303
Net Service Fees and Commission Expense	(45,849)	(60)
Operating Expenses		
Taxes and licenses	646,070	30,241
Occupancy and equipment-related costs	191,781	380
Provision for credit losses (Note 16)	86,967	–
Depreciation and amortization (Note 11)	42,450	711
Compensation and fringe benefits	976	100
Miscellaneous (Note 27)	123,162	1,471
Total Operating Expenses	1,091,406	32,903
Income (Loss) Before Income Tax	(652,153)	211,250
Provision for Income Tax (Note 30)	103,828	68,164
Net Income (Loss) from Discontinued Operations	(P755,981)	P143,086

Net cash flows of PNB Holdings follow:

	2021	2020
Net cash flows from operating activities	P790,488	(P2,151)
Net cash flows from investing activities	–	524,081
Net cash flows from financing activities	(567,887)	48
	P222,601	P521,978

37. Events After the Reporting Date

In addition to the loans transferred to the Parent Company as discussed in Note 10, on January 31, 2023, the Parent Company and PMLFC entered into a Receivables Purchase Agreement for the transfer of another tranche of receivables of PMLFC to the Parent Company for a total consideration of P178.7 million.



38. Notes to Statements of Cash Flows

38.1 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities in 2022 and 2021 follow:

Consolidated				
2022				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱52,953,797	(₱39,495,624)	₱1,522,200	₱14,980,373
Bonds payable	53,383,421	–	5,055,676	58,439,097
Lease liabilities	3,765,391	(1,113,225)	984,225	3,636,391
	₱110,102,609	(₱40,608,849)	₱7,562,101	₱77,055,861

Consolidated				
2021				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱87,159,450	(₱36,426,226)	₱2,220,573	₱52,953,797
Bonds payable	64,056,335	(13,870,000)	3,197,086	53,383,421
Lease liabilities	1,366,016	(1,231,287)	3,630,662	3,765,391
	₱152,581,801	(₱51,527,513)	₱9,048,321	₱110,102,609

Parent Company				
2022				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱51,113,018	(₱38,736,538)	₱1,511,555	₱13,888,035
Bonds payable	53,383,421	–	5,055,676	58,439,097
Lease liabilities	3,698,410	(1,068,038)	973,705	3,604,077
	₱108,194,849	(₱39,804,576)	₱7,540,936	₱75,931,209

Parent Company				
2021				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱84,817,360	(₱35,919,013)	₱2,214,671	₱51,113,018
Bonds payable	64,056,335	(13,870,000)	3,197,086	53,383,421
Lease liabilities	1,370,206	(1,213,912)	3,542,116	3,698,410
	₱150,243,901	(₱51,002,925)	₱8,953,873	₱108,194,849

Others include the effects of foreign exchange revaluations, additional lease liabilities, amortization of transaction costs, accretion of interest, and effect of loss of control of a subsidiary.



38.2 Non-Cash Transactions

The following are non-cash transactions of the Group and the Parent Company in 2022 and 2021 relating to their long-term leases:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Additions to right-of-use assets (Note 11)	₱803,905	₱3,352,354	₱803,905	₱3,350,486
Additional lease liabilities (Note 29)	799,014	3,377,981	789,687	3,298,634

On January 13, 2021, the Parent Company subscribed to additional 466,770,000 shares of PNB Holdings in exchange for certain real estate properties with fair values of ₱46.7 billion. On April 23, 2021, the Parent Company declared 51.00% ownership in PNB Holdings as property dividends to all stockholders of record as of May 18, 2021 (refer to Note 12.4).

On December 17, 2021, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱300.0 million. The Parent Company received such cash dividends from PNB Capital on June 29, 2022 (refer to Note 12.2).

The Group acquired investment properties through foreclosure, dacion and rescission amounting to ₱4.3 billion, ₱524.7 million, and ₱86.7 million in 2022, 2021 and 2020, respectively. The Parent Company acquired investment properties acquired through foreclosure and rescission amounted to ₱4.3 billion, ₱334.4 million and ₱78.0 million in 2022, 2021 and 2020, respectively (refer to Note 13). Included in the ₱4.3 billion foreclosures is the dacion in settlement of a certain loan in exchange for an investment property, and the debt-to-equity conversion of the remaining loan exposures of the former borrower (refer to Note 33.1).

The Group applied creditable withholding taxes against its income tax payable amounting to ₱2.4 billion, ₱1.6 billion and ₱2.8 billion in 2022, 2021 and 2020, respectively. The Parent Company applied creditable withholding taxes against its income tax payable amounting to ₱2.4 billion, ₱1.6 billion and ₱2.7 billion in 2022, 2021, and 2020, respectively.

39. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's BOD on March 13, 2023.

40. Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, which provides that the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.



40.1 Taxes Paid or Accrued During the Taxable Year

The Parent Company paid or accrued the following types of taxes for the tax period January to December 2022 (in absolute amounts):

Taxes and licenses

	Amount
Gross receipts tax	₱2,341,737,766
Documentary stamp taxes	3,600,000,000
Real estate tax	39,108,997
Local taxes	173,742,331
Others	278,632,255
	₱6,433,221,349

Withholding taxes

	Remitted	Outstanding
Withholding taxes on compensation and benefits	₱972,704,187	₱185,316,904
Final income taxes withheld on interest on deposits and yield on deposit substitutes	621,327,643	94,632,147
Expanded withholding taxes	186,839,828	22,368,470
Withholding taxes on the amount withdrawn from the decedent's deposit account	32,970,113	1,418,330
VAT withholding taxes	6,047,534	188,832
Other final taxes	99,850,992	8,099,828
	₱1,919,740,297	₱312,024,511

40.2 Tax Cases and Assessments

As of December 31, 2022 and 2021, the Parent Company has no final tax assessment but has outstanding cases filed in courts for various claims for tax refund. Management is of the opinion that the ultimate outcome of these cases will not have a material impact on the financial statements of the Parent Company.

41. Report on the Supplementary Information Required Under BSP Circular No. 1074

41.1 Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Return on average equity (a/b)	7.00%	19.98%	1.69%	7.10%	20.08%	1.94%
a) Net income	₱11,583,988	₱31,690,038	₱2,625,488	₱11,532,318	₱31,283,762	₱2,959,932
b) Average total equity	165,564,295	158,602,982	155,479,204	162,468,924	155,768,842	152,657,314
Return on average assets (c/d)	0.99%	2.62%	0.22%	0.99%	2.60%	0.26%
c) Net income	₱11,583,988	₱31,690,038	₱2,625,488	₱11,532,318	₱31,283,762	₱2,959,932
d) Average total assets	1,167,970,869	1,210,959,231	1,186,712,205	1,160,877,451	1,204,106,165	1,144,703,450
Net interest margin on average earning assets (e/f)	3.61%	3.27%	3.35%	3.62%	3.26%	3.37%
e) Net interest income	₱37,327,570	₱34,844,827	₱35,820,463	₱36,590,225	₱34,003,443	₱34,649,027
f) Average interest earning assets	1,033,972,342	1,064,649,949	1,068,225,934	1,010,841,903	1,042,450,632	1,028,955,579

Note: Average balances are the sum of beginning and ending balances of the respective statement of financial position accounts divided by two (2)



41.2 Description of Capital Instruments Issued

As of December 31, 2022 and 2021, the Parent Company has only one class of capital stock, which are common shares.

41.3 Significant Credit Exposures as to Industry Sector

An industry sector analysis of the Group's and the Parent Company's receivables from customers before taking into account allowance for credit losses is shown below.

	Consolidated				Parent Company			
	2022		2021		2022		2021	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Primary target industry:								
Financial intermediaries	₱123,572,805	20.16	₱127,322,501	20.22	₱124,585,259	20.78	₱128,833,193	20.95
Wholesale and retail	94,635,306	15.44	89,964,601	14.29	89,062,370	14.86	85,521,203	13.91
Electricity, gas and water	77,908,127	12.71	72,603,754	11.53	77,908,992	13.00	72,543,926	11.80
Manufacturing	64,750,821	10.57	57,374,303	9.12	62,394,048	10.41	46,719,362	7.60
Transport, storage and communication	41,702,691	6.80	50,593,556	8.04	40,836,136	6.81	57,003,954	9.27
Agriculture, hunting and forestry	6,846,668	1.12	10,984,068	1.75	6,685,454	1.12	8,472,952	1.38
Public administration and defense	1,868,664	0.30	8,668,925	1.38	1,868,663	0.31	10,984,068	1.79
Secondary target industry:								
Real estate, renting and business activities	96,701,343	15.78	98,619,763	15.67	93,010,341	15.51	95,143,733	15.47
Construction	30,989,724	5.06	30,123,753	4.79	30,923,083	5.16	29,341,619	4.77
Others	73,881,893	12.06	83,171,564	13.21	72,242,925	12.05	80,345,800	13.07
	₱612,858,042	100.00	₱629,426,788	100.00	₱599,517,271	100.00	₱614,909,810	100.00

41.4 Breakdown of Total Loans

41.4.1 As to Security

The information relating to receivables from customers (gross of allowance for credit losses) as to secured and unsecured and as to collateral follows:

	Consolidated				Parent Company			
	2022		2021		2022		2021	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Secured:								
Real estate mortgage	₱61,579,391	10.05	₱65,400,278	10.40	₱52,764,741	8.80	₱55,459,239	9.03
Chattel mortgage	12,560,778	2.05	23,572,533	3.75	12,425,497	2.07	22,348,756	3.63
Bank deposit hold-out	3,844,755	0.63	4,375,531	0.70	3,698,931	0.62	4,137,837	0.67
Others	30,856,608	5.03	20,528,460	3.26	28,814,577	4.81	17,144,181	2.79
	108,841,532	17.76	113,876,802	18.09	97,703,746	16.30	99,090,013	16.11
Unsecured	504,016,510	82.24	515,549,986	81.91	501,813,525	83.70	515,819,797	83.89
	₱612,858,042	100.00	₱629,426,788	100.00	₱599,517,271	100.00	₱614,909,810	100.00



41.4.2 As to Status

The table below shows the status of the Group and the Parent Company's loans (gross allowance for credit losses) as to performing and non-performing loans (NPL) per product line:

	Consolidated			
	2022		2021	
	Performing	NPL	Performing	NPL
Corporate	₱517,026,645	₱26,814,155	₱497,743,877	₱46,315,906
Commercial	15,227,846	3,727,358	10,464,612	3,869,552
Credit cards	11,889,481	2,493,200	10,721,147	2,435,798
Consumer	24,706,149	10,973,208	42,329,698	15,546,198
	₱568,850,121	₱44,007,921	₱561,259,334	₱68,167,454

	Parent Company			
	2022		2021	
	Performing	NPL	Performing	NPL
Corporate	₱508,724,119	₱24,153,812	₱491,798,885	₱45,983,507
Commercial	15,475,530	2,027,403	9,398,044	2,006,364
Credit cards	11,889,481	2,493,200	10,721,147	2,435,798
Consumer	21,423,352	13,330,374	37,088,108	15,477,957
	₱557,512,482	₱42,004,789	₱549,006,184	₱65,903,626

Loans and receivables are considered NPL, even without any missed contractual payments, when considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, are considered NPL if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics are considered NPL after contractual due date or after they have become past due. Restructured loans are considered NPL. However, if prior to restructuring, the loans were categorized as performing, such classification is retained.

NPLs remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

In 2022, the Parent Company adopted BSP Memorandum No. M-2021-056, *Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses*, which provides guidance on the regulatory treatment of loans with terms and conditions that have been modified due to the impact of the COVID-19 pandemic, especially consumption loans, for purposes of measuring ECL and classifying the accounts as NPL.

The table below shows the gross and net NPL ratios of the Group and the Parent Company as reported to the BSP (with certain adjustments) as of December 31, 2022 and 2021:

	2022		2021	
	Gross NPL	Net NPL	Gross NPL	Net NPL
Consolidated	6.34%	2.58%	10.07%	5.27%
Parent Company	6.19%	2.54%	9.97%	5.21%



41.5 Information on Related Party Loans

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). Under the Parent Company's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company's equity or 15.00% of the Parent Company's total loan portfolio, whichever is lower. As of December 31, 2022 and 2021, the Parent Company is in compliance with such regulations.

The information relating to the DOSRI loans of the Group and Parent Company follows:

	2022		2021	
	DOSRI loans	Related party loans (inclusive of DOSRI loans)	DOSRI loans	Related party loans (inclusive of DOSRI loans)
Total outstanding loans	₱39,017	₱42,182,025	₱4,606,070	₱59,914,803
Percent of DOSRI/related party loans to total loan portfolio	0.01%	6.22%	0.70%	9.08%
Percent of unsecured DOSRI/related party loans to total DOSRI/related party loans	1.56%	86.52%	0.03%	64.94%
Percent of past due DOSRI/related party loans to total DOSRI/related party loans	3.52%	2.62%	—	10.17%
Percent of non-performing DOSRI/related party loans to total DOSRI/related party loans	3.52%	2.62%	—	44.00%

In accordance with existing BSP regulations, the reported DOSRI performing loans exclude loans extended to certain borrowers before these borrowers became DOSRI.

Under BSP regulations, total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the Group's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Parent Company.

41.6 Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2022 and 2021, 'Bills payable' amounting to ₱6.6 billion and ₱38.5 billion in Note 19, respectively, are secured by a pledge of certain 'Financial assets at FVOCI' amounting to ₱2.5 billion and ₱32.8 billion respectively, and 'Investment securities at amortized cost' amounting to ₱5.5 billion and ₱5.3 billion, respectively.



41.7 Contingencies and Commitments Arising from Off-Balance Sheet Items

The following is a summary of various commitments, contingent assets and contingent liabilities at their equivalent peso contractual amounts as reported to BSP:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Trust department accounts	₱152,746,479	₱143,335,871	₱152,746,479	₱143,335,871
Derivative forwards	151,543,370	158,060,387	147,448,673	153,621,017
Standby letters of credit	43,922,556	37,361,325	43,702,875	37,198,406
Unutilized credit card lines	41,981,905	41,690,462	41,981,905	41,690,462
Deficiency claims receivable	28,065,650	22,862,480	28,065,650	22,862,480
Derivative spots	7,474,525	19,204,658	7,474,525	19,204,658
Inward bills for collection	1,116,689	2,591,812	1,116,689	2,589,780
Outward bills for collection	355,358	182,354	300,396	78,770
Unused commercial letters of credit	204,707	219,246	204,707	219,246
Items held as collateral	165,282	248,046	165,270	248,025
Confirmed export letters of credit	94,784	86,188	94,784	86,188
Shipping guarantees issued	22,800	20,822	20,655	18,861
Other contingent accounts	76,663	14,440	7,592	7,185



Exhibit II (a)

PHILIPPINE NATIONAL BANK
LIST OF BANK OWNED PROPERTIES
AS OF December 31, 2022

NO.	BRANCH NAME	ADDRESSES
	Metro Manila	
1	Binondo-Plaza Del Conde	G/F, San Fernando Towers, Plaza del Conde Street, Binondo, Manila
2	Binondo-Quintin Paredes	Alliance Building, 410 Quintin Paredes Street, Binondo, Manila
3	Cainta-Felix Ave.-San Isidro	F. P. Felix Avenue, Barangay San Isidro, Cainta, Rizal
4	Caloocan-Rizal Ave. Ext.	1716 Rizal Avenue Extension corner L. Bustamante Street, Caloocan City
5	Caloocan-Sangandaan	Gen. San Miguel Street, Barangay 4, Zone 1, Sangandaan, District II, Caloocan City
6	Divisoria-Sto. Cristo	767 Sto. Cristo corner M. delos Santos Streets Divisoria, Manila
7	Las Piñas-City Hall	#19 Alabang Zapote Road, Pamplona II, Las Piñas City
8	Makati-Ayala Ave.	G/F, VGP Center, 6772 Ayala Avenue, Makati City
9	Makati-Ayala Rufino	Unit 1-B, G/F, Rufino Tower, Ayala Avenue corner Rufino Street, Makati City
10	Makati-Benavidez	Unit G-1D, G/F BSA Mansion, 108 Benavidez Street, Legaspi Village, Makati City
11	Makati-Buendia-Dian	56 Senator Gil Puyat Avenue (formerly Buendia), Barangay San Isidro, Makati City
12	Makati-Buendia-Petron Mega Plaza	G/F, Petron Mega Plaza Building, 358 Senator Gil Puyat Avenue (formerly Buendia), Makati City
13	Makati-C. Palanca	G/F, Unit G1 and G2, BSA Suites, G103 C. Palanca corner dela Rosa Streets, Makati City
14	Makati-Legaspi Sotto	VMC Building Legaspi & Sotto Streets, Legaspi Village, Makati City
15	Makati-Poblacion	Corner Angono and Cardona Streets, 1210 JP Rizal Makati City
16	Makati-San Lorenzo	G/F, Jackson Building, 926 A. Arnaiz Avenue, Makati City
17	Malabon-Rizal Ave.	701 Rizal Avenue Extension, corner Magsaysay Street, Malabon City
18	Mandaluyong-Centera Reliance	Unit 1C-03, Avida Towers Centera, EDSA corner Reliance Street, Barangay Highway Hills, Mandaluyong City
19	Mandaluyong-Highway Hills	471 Shaw Boulevard, Mandaluyong City
20	Manila-Arranque	1427 Citiriser Building, Soler Street, Sta. Cruz, Manila
21	Manila-Dapitan	1710 Dapitan Street corner M. dela Fuente Street, Sampaloc, Manila
22	Manila-Earnshaw	1357 Earnshaw corner Jhocson Streets, Sampaloc, Manila
23	Manila-J. Abad Santos-Bambang	Unit B, Dynasty Towers, J. Abad Santos corner Bambang Streets, Manila
24	Manila-Paco-Pedro Gil	756 Pedro Gil corner Pasaje-Rosario Streets, Paco, Manila
25	Manila-Rizal Ave.-Herrera	Rizal Avenue corner Saturnino Herrera Street, Sta. Cruz, Manila
26	Marikina-A. Tuazon	45 Gil Fernando Avenue corner Chestnut Street, Barangay San Roque, Marikina City
27	Navotas-M. Naval	865 M. Naval Street, Navotas City, Metro Manila
28	Parañaque-Better Living	50 ABC Building, Doña Soledad Avenue, Better Living Subdivision, Parañaque City
29	Pasay-Baclaran	2976 Mexico Avenue, Pasay City
30	Pasig-Julia Vargas (formerly Jade-Ortigas)	Lot 5, Blk. 13-A, Julia Vargas & Jade Drive, Barangay San Antonio, Ortigas Center, Pasig City
31	Pasig-Ortigas Center	G/F, JMT Building, ADB Avenue, Ortigas Center, Pasig City
32	Pasig-Shaw	G/F, Jade Center Condominium, 105 Shaw Boulevard, Barangay Oranbo, Pasig City
33	Q.,C.-Delta	92 West Avenue, Quezon City
34	Q.C.-Cubao Main	Aurora Boulevard corner General Araneta Street, Cubao, Quezon City
35	Q.C.-Elliptical Road	Elliptical Road corner Kalayaan Avenue, Diliman, Quezon City
36	Q.C.-Kamuning	118 Kamuning Road, Quezon City
37	Q.C.-New Manila	322 E. Rodriguez Sr. Avenue, New Manila, Quezon City
38	Q.C.-Novaliches-Gulod	903 Quirino Hi-way, Barangay Gulod, Novaliches, Quezon City

PHILIPPINE NATIONAL BANK
LIST OF BANK OWNED PROPERTIES
AS OF December 31, 2022

NO.	BRANCH NAME	ADDRESSES
39	Q.C.-P. Tuazon	279 P. Tuazon Boulevard, Cubao, Quezon City
40	Q.C.-Quadrangle	Unit I, Paramount Building, EDSA corner West Avenue, Quezon City
41	Q.C.-West Avenue	92 West Avenue, Barangay Philam, Quezon City
42	Q.C.-West Triangle	1396 Quezon Avenue, Barangay South Triangle, Quezon City
43	Rizal-Angono	Quezon Avenue corner E. Dela Paz Street, Barangay San Pedro, Angono, Rizal
44	Valenzuela-Karuhatan	313 San Vicente Street corner MacArthur Highway, Karuhatan, Valenzuela City
45	Valenzuela-MacArthur	101 MacArthur Hi-way, Barrio Marulas, Valenzuela City
Northern Luzon		
1	Abra-Bangued	McKinley corner Peñarrubia Streets, Zone 4, Bangued, Abra
2	Abra-Bangued-Magallanes	Taft corner Magallanes Streets, Zone 5, Bangued, Abra
3	Agoo-Consolacion	Corner Verceles Street, Consolacion Agoo, La Union
4	Alaminos City-Quezon Ave.	Quezon Avenue, Poblacion, Alaminos City, Pangasinan
5	Angeles-Sto. Rosario	730 Santo Rosario Street, Angeles City, Pampanga
6	Baguio City-Session Road	51 Session Road corner Upper Mabini Street, Baguio City
7	Bataan-Balanga	Zulueta Street, Poblacion, Balanga, Bataan
8	Batanes-Basco	NHA Building, Caspo Fiesta Road Kaychanarianan, Basco, Batanes
9	Bulacan-Baliuag	015 Rizal Street, San Jose, Baliuag, Bulacan
10	Cabanatuan-Central Market	Corner Paco Roman and Del Pilar Streets, Cabanatuan City, Nueva Ecija
11	Cagayan-Aparri	J.P.Rizal Street, Aparri, Cagayan
12	Cagayan-Tuguegarao-Bonifacio	Bonifacio Street, Tuguegarao City, Cagayan
13	Candon City-Nat'l. Hi-Way	National Hi-way, Barangay San Juan, Candon City, Ilocos Sur
14	Candon City-San Antonio	National Highway corner Dario Street, San Antonio, Candon City, Ilocos Sur
15	Dagupan City-A.B. Fernandez	A.B. Fernandez Avenue, Dagupan City, Pangasinan
16	Ilocos Norte-Batac	Barangay 1, S. Valdez corner San Marcelino and Concepcion Streets, Batac City, Ilocos Norte
17	Isabela-Cauayan	Maharlika Hi-way corner Cabatuan Road, Cauayan, Isabela
18	Isabela-Iligan	Old Capitol Site, Calamagui 2, Ilagan City, Isabela
19	Isabela-Roxas (former name Mallig Plains)	Corner Don Mariano Marcos Avenue & Bernabe Street, Roxas, Isabela
20	Isabela-Santiago-Maharlika	Marcos Highway corner Camacam Street, Centro East, Santiago City, Isabela
21	La Union-San Fernando Plaza	Quezon Avenue, San Fernando City, La Union
22	La Union-San Fernando-Quezon Ave.	612 Quezon Avenue, San Fernando City, La Union
23	Laoag City-J.P. Rizal	Barangay 10, Trece Martires Street corner J.P. Rizal Street, Laoag City, Ilocos Norte
24	Malolos City-Sto. Niño	Sto. Niño, Malolos City, Bulacan
25	Nueva Ecija-Gapan-San Vicente	Tinio Street, San Vicente, Gapan City, Nueva Ecija
26	Nueva Ecija-Muñoz	D. Delos Santos corner Tobias Streets, Science City of Muñoz, Nueva Ecija
27	Nueva Ecija-San Jose	Maharlika Hi-way corner Cardenas Street, San Jose City, Nueva Ecija
28	Nueva Vizcaya-Bayombong	J.P. Rizal Street, District 4, Bayombong, Nueva Vizcaya

PHILIPPINE NATIONAL BANK
LIST OF BANK OWNED PROPERTIES
AS OF December 31, 2022

NO.	BRANCH NAME	ADDRESSES
29	Nueva Vizcaya-Solano	Maharlika Highway, Solano, Nueva Vizcaya
30	Olongapo City-Rizal Ave.	2440 Rizal Avenue, East Bajac-Bajac, Olongapo City, Zambales
31	Pampanga-Guagua	PNB Guagua Building, Barangay Santo Cristo, Guagua, Pampanga
32	Pampanga-Mabalacat-Dau	MacArthur Highway, Dau, Mabalacat, Pampanga
33	Pangasinan-Lingayen	Avenida Rizal East corner Maramba Boulevard, Lingayen, Pangasinan
34	Pangasinan-Rosales	MacArthur Highway, Carmen East, Rosales, Pangasinan
35	Pangasinan-Tayug	PNB Tayug Branch Building, Zaragoza Street, Poblacion, Tayug, Pangasinan
36	San Fernando City-A. Consunji	A. Consunji Street, Santo Rosario, City of San Fernando, Pampanga
37	Tarlac City-F. Tañedo	F. Tanedo Street, San Nicolas, Tarlac City
38	Tarlac-Concepcion	A. Dizon Street, San Nicolas, Concepcion, Tarlac
39	Tarlac-Paniqui	M.H. Del Pilar Street corner MacArthur Hi-way, Paniqui, Tarlac
40	Urdaneta City-Nancayasan	MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan
41	Vigan City-Florentino	Leona Florentino Street, Vigan City, Ilocos Sur
42	Zambales-Iba-R. Magsaysay Ave.	1032 Magsaysay Avenue, Iba, Zambales
Southern Luzon		
1	Albay-Daraga	Baylon Compound, Market Site, Rizal Street, Daraga, Albay
2	Albay-Tabaco	Ziga Avenue corner Bonifacio Street, Tayhi, Tabaco City
3	Bacoor City-Aguinaldo Hi-Way	KM. 17, Aguinaldo Highway, Bacoor, Cavite
4	Batangas-Balayan	147 Plaza Mabini, Balayan, Batangas
5	Batangas-Bauan	San Jose St., Poblacion IV, Bauan, Batangas
6	Camarines Norte-Daet-Carlos II	Carlos II Street, Barangay, 3, Daet, Camarines Norte
7	Cavite City-Caridad	P. Burgos Avenue, Caridad, Cavite City
8	Cavite-Kawit-Binakayan	Allied Bank Building, Gen. Tirona Highway, Balsahan, Binakayan, Kawit, Cavite
9	Cavite-Silang	166 J.P. Rizal Street, Silang, Cavite
10	Iriga City-San Roque	Highway 1, San Roque, Iriga City, Camarines Sur
11	Laguna-Calamba-Poblacion	Burgos Street, Calamba City
12	Laguna-San Pablo City	M. Paulino Street, San Pablo City, Laguna
13	Laguna-San Pedro	KM. 30 National Hi-way, San Pedro, Laguna
14	Laguna-Sta. Cruz-P. Guevarra	Pedro Guevarra Avenue, Barangay Uno Sta. Cruz, Laguna
15	Legazpi City-Don B. Erquiaga	Corner Don B. Erquiaga and Rizal Streets, Legaspi City, Albay
16	Lipa City-B. Morada	B. Morada Avenue, Lipa City, Batangas
17	Lucena City-Quezon Ave.	Quezon Avenue, Barangay IX, Lucena City, Quezon
18	Masbate City	Quezon Street, Barangay Pating, Masbate City, Masbate
19	Naga City-Gen. Luna	General Luna Street, Barangay Abella, Naga City, Camarines Sur
20	Occ. Mindoro-Mamburao	National Road, Barangay Payompon, Mamburao, Occidental Mindoro
21	Occ. Mindoro-San Jose	Quirino corner M.H. Del Pilar Streets, Barangay 6, San Jose, Occidental Mindoro

PHILIPPINE NATIONAL BANK
LIST OF BANK OWNED PROPERTIES
AS OF December 31, 2022

NO.	BRANCH NAME	ADDRESSES
22	Or. Mindoro-Bongabong	Caraig Street, Poblacion, Bongabong, Oriental Mindoro
23	Or. Mindoro-Calapan	J.P.Rizal Street, Camilmil, Calapan City, Oriental Mindoro
24	Or. Mindoro-Pinamalayan Malvar	Malvar St., Pinamalayan, Oriental Mindoro
25	Or. Mindoro-Roxas	Administration St., Bagumbayan, Roxas, Oriental Mindoro
26	Or. Mindoro-Victoria	M. Roldan cor. Apostol Sts., Victoria, Oriental Mindoro
27	Quezon-Candelaria	Rizal Street, National Highway, Poblacion, Candelaria, Quezon
28	Quezon-Lopez	San Francisco Street, Talolong, Lopez, Quezon
29	Romblon-Odiongan	#15 J.P. Laurel Street, corner M. Formilleza Street, Ligaya, Odiongan, Romblon
30	Sorsogon City-Rizal	Rizal Street, Sorsogon City
31	Tagaytay-Aguinaldo	E. Aguinaldo Hi-way, Kaybagal South, Tagaytay City
Visayas		
1	Aklan-Kalibo-Pastrana	0508 G. Pastrana Street, Kalibo, Aklan
2	Antique-T.A. Fornier	T. A. Fornier Street, Bantayan, San Jose, Antique
3	Bacolod-Araneta	Araneta Avenue corner Luzuriaga Street, Bacolod City, Negros Occidental
4	Bacolod-Luzuriaga	Corner Luzuriaga and Araneta Streets, Bacolod City, Negros Occidental
5	Biliran-Naval	Ballesteros Street, Naval, Biliran
6	Bohol-Tubigon	Corner Cabangbang Avenue & Jesus Vaño Street, Centro, Tubigon, Bohol
7	Boracay-Station 2	Barangay Balabag, Boracay Island, Malay, Aklan
8	Capiz Roxas-C.M. Recto	Corner CM Recto & G. Del Pilar Streets, Barangay III, Roxas City, Capiz
9	Capiz-Roxas DOWNTOWN	Roxas Avenue, Roxas City, Capiz
10	Cebu-Danao	Juan Luna Street, Danao City, Cebu
11	Cebu-Jakosalem	D. Jakosalem corner Legaspi Streets, Cebu City
12	Cebu-Lapu-Lapu-Pajo	Manuel L. Quezon National Highway, Pajo, Lapu-lapu City, Cebu
13	Cebu-M.C. Briones	Corner M.C. Briones and Jakosalem Streets, Cebu City
14	Cebu-Toledo	Rafols Street, Poblacion, Toledo City, Cebu
15	Dumaguete City-Locsin	33 Dr. V. Locsin Street, Dumaguete City, Negros Oriental
16	Dumaguete City-Silliman Ave.	Silliman Avenue corner Real Street, Dumaguete City, Negros Oriental
17	Eastern Samar-Borongan City	Real Street, Barangay Songco, Borongan City, Eastern Samar
18	Iloilo-Iznart	Iznart corner Montinola Streets, Barangay Pres. Roxas City Proper, Iloilo City
19	Iloilo-Ledesma	Ledesma corner Quezon Streets, Barangay Ed Ganzon, Iloilo City
20	Iloilo-Passi City	F. Palmares Street, Passi City, Iloilo
21	Iloilo-Plaza Libertad	JM Basa Street, Iloilo City 5000
22	Iloilo-Pototan	Guanco Street, Pototan, Iloilo
23	Leyte-Baybay City	148 R. Magsaysay Avenue, Baybay City, Leyte
24	Leyte-Ormoc City-Bonifacio	Corner Cata-ag and Bonifacio Streets, Ormoc City, Leyte
25	Negros Occ.-Binalbagan	Don Pedro R. Yulo Street, Binalbagan, Negros Occidental

PHILIPPINE NATIONAL BANK
LIST OF BANK OWNED PROPERTIES
AS OF December 31, 2022

NO.	BRANCH NAME	ADDRESSES
26	Negros Occ.-Cadiz City	Corner Luna and Cabahug Streets, Cadiz City, Negros Occidental
27	Negros Occ.-Kabankalan City	NOAC National Highway corner Guanzon Street, Kabankalan City, Negros Occidental
28	Negros Occ.-San Carlos City	V. Gustilo Street, San Carlos City, Negros Occidental
29	Negros Occ.-Silay City	Rizal Street, Silay City, Negros Occidental
30	Negros Occ.-Victorias City	Corner Ascalon and Montinola Streets, Victorias City, Negros Occidental
31	Negros Or.-Bayawan	National Highway corner Mabini Street, Barangay Suba, Bayawan City, Negros Oriental
32	Negros Or.-Tanjay	Magallanes corner E. Romero Streets, Tanjay City, Negros Oriental.
33	Northern Samar-Catarman	Corner Garcia & Jacinto Streets, Barangay Narra, Catarman, Northern Samar
34	Palawan-Puerto Princesa-Valencia	Rizal Avenue corner Valencia Street, Barangay Tagumpay, Puerto Princesa City, Palawan
35	Samar-Calbayog City	Maharlika Highway, Barangay Obrero, Calbayog City, Samar
36	Samar-Catbalogan City	Del Rosario Street, Allen Avenue, Catbalogan City, Samar
37	Siquijor-Larena	Roxas Street, Larena, Siquijor
38	Southern Leyte-Maasin City	Corner Juan Luna & Allen Streets, Tunga-Tunga, Maasin City, Southern Leyte
39	Tacloban City-Justice Romualdez	J. Romualdez Street, Tacloban City, Leyte
40	Tacloban City-Zamora	111 Zamora Street, Tacloban City, Leyte
41	Tagbilaran-C.P. Garcia Ave.	C. P. Garcia Avenue corner J. A. Clarin Street, Poblacion, Tagbilaran City, Bohol
Mindanao		
1	Agusan Del Sur-San Francisco	Roxas Street, Barangay 4, San Francisco, Agusan del Sur
2	Basilan-Isabela-Roxas	Roxas Avenue, Isabela City, Basilan
3	Butuan City-Montilla	Montilla Boulevard, Barangay Dagohoy, Butuan City, Agusan del Norte
4	Camiguin-Mambajao	Corner General Aranas & Burgos Streets, Barangay Poblacion, Mambajao, Camiguin
5	CDO-Cogon	JR Borja corner V. Roa Streets, Cagayan De Oro City, Misamis Oriental
6	CDO-Corrales-Chaves	Corrales Avenue corner T. Chavez Street, Cagayan de Oro City, Misamis Oriental
7	CDO-Limketkai Drive	Limketkai Center, Lapasan, Cagayan de Oro City, Misamis Oriental
8	CDO-Tiano	Tiano Brothers corner Cruz Taal Streets, Cagayan de Oro City, Misamis Oriental
9	Cotabato City-Dorotheo	Jose Lim Sr. and Alejandro Dorotheo Streets (formerly Corcuera Street), Cotabato City, Maguindanao
10	Cotabato City-Makakua	39 Makakua Street, Cotabato City, Maguindanao
11	Cotabato City-S.K. Pendatun	Quezon Avenue, Cotabato City, Maguindanao
12	Davao Del Norte-Tagum-Rizal	Rizal Street, Magugpo, Poblacion, Tagum City, Davao del Norte
13	Davao Del Sur-Digos	Quezon Avenue, Digos, Davao del Sur
14	Davao Oriental-Mati	Rizal Extension, Barangay Central, Mati, Davao Oriental
15	Davao-C.M. Recto	G/F, PNB Building, C.M. Recto Street, Davao City
16	Davao-San Pedro	San Pedro Street, Davao City
17	Davao-San Pedro-C.M. Recto	San Pedro corner C.M. Recto Streets, Davao City, Davao del Sur
18	Dipolog City-Gen. Luna	General Luna corner C.P. Garcia Streets, Dipolog City, Zamboanga del Norte
19	General Santos-City Hall Drive	Osmeña Street, City Hall Drive, General Santos City, South Cotabato

PHILIPPINE NATIONAL BANK
LIST OF BANK OWNED PROPERTIES
AS OF December 31, 2022

NO.	BRANCH NAME	ADDRESSES
20	Iligan City-Aguinaldo	Corner General Aguinaldo & Labao Streets, Poblacion, Iligan City, Lanao del Norte
21	Jolo-Arolas	Gen. Arolas corner Magno Streets, Jolo, Sulu
22	Koronadal City-Morrow	Morrow Street, Koronadal, South Cotabato
23	Koronadal City-Poblacion	General Santos Drive, Barangay Zone 1, Koronadal City, South Cotabato
24	Lanao Del Norte-Maranding	National Highway, Maranding, Lala, Lanao del Norte
25	Misamis Occ.-Oroquieta City	Senator Jose Ozamis Street, Lower Lamac, Oroquieta City, Misamis Occidental
26	Misamis Oriental-Gingoog City	National Highway, Barangay 23, Gingoog City, Misamis Oriental
27	North Cotabato-Kidapawan	Quezon Boulevard, Kidapawan City, North Cotabato
28	North Cotabato-Midsayap	Quezon Avenue, Midsayap, North Cotabato
29	Ozamis City-Rizal Ave.	Rizal Avenue, Aguada, Ozamis City, Misamis Occidental
30	Pagadian City-Pajares	F.S. Pajares Avenue corner Cabrera Street, Barangay San Francisco, Pagadian City, Zamboanga del Sur
31	Pagadian City-Rizal Ave.	Rizal Avenue, Balangasan District, Pagadian City, Zamboanga del Sur
32	Sultan Kudarat-Tacurong	Alunan Highway, Tacurong City, Sultan Kudarat
33	Surigao City-Rizal	45 Rizal Street, Barangay Washington, Surigao City, Surigao del Norte
34	Surigao Del Sur-Bislig City	Corner Abarca and Espiritu Streets, Mangagoy, Bislig, Surigao del Sur
35	Surigao Del Sur-Tandag City	Napo, National Highway, Tandag, Surigao del Sur
36	Tawi-Tawi-Bongao	Datu-Halun Street, Bongao, Tawi-Tawi
37	Zamboanga Del Sur-Molave	Mabini Street, Molave, Zamboanga del Sur
38	Zamboanga Sibugay-Buug	National Highway, Poblacion, Buug, Zamboanga Sibugay
39	Zamboanga Sibugay-Ipil	National Hi-way, Poblacion, Ipil, Zamboanga Sibugay
40	Zamboanga-J.S. Alano	J.S. Alano Street, Zamboanga City, Zamboanga del Sur
41	Zamboanga-Sucabon	Mayor MS Jaldon Street, Zamboanga City, Zamboanga del Sur

Exhibit II (b)**PHILIPPINE NATIONAL BANK
LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022**

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
Metro Manila				
1	Head Office Center	G/F, PNB Financial Center, Pres. Diosdado Macapagal Boulevard, Pasay City	1,142,725	June 05, 2030
2	Antipolo-Circumferential	Circumferential Road, Barangay Dalig, Antipolo City, Rizal	100,000	April 21, 2026
3	Antipolo-P. Oliveros	89 P. Oliveros Street, Kapitolyo Arcade, San Roque, Antipolo City, Rizal	97,241	December 31, 2024
4	Antipolo-Sumulong-Masinag	F. N. Crisostomo Building 2, Sumulong Highway, Mayamot, Antipolo City, Rizal	97,241	February 28, 2030
5	BGC-10th Avenue	G/F, Shop 2, Philplans Corp. Center, 10th Avenue cor. Kalayaan Ave., BGC, Taguig City	165,917	January 14, 2027
6	BGC-7th Avenue	G/F, Twenty-Four Seven Mckinley Building, 24th Street corner 7th Avenue, Bonifacio Global City, Taguig City	369,970	December 28, 2026
7	BGC-Burgos Circle	Unit GF-4, The Fort Residences, 30th Street, corner 2nd Avenue, Padre Burgos Circle, Bonifacio Global City, Taguig City	262,000	November 30, 2023
8	BGC-Infinity	G/F, 101 The Infinity Tower, 26th Street, Fort Bonifacio, Taguig City	271,959	May 15, 2026
9	BGC-Luxe Residences	Shop 2, The Luxe Residences 28th Street, corner 4th Avenue, Bonifacio Global City, Taguig City	400,896	November 30, 2024
10	BGC-Menarco	Unit C, G/F, The Menarco Tower, 32nd Street, Bonifacio Global City, Taguig City	527,625	December 31, 2024
11	BGC-One Mckinley Place	Unit 6, G/F, One Mckinley Place, 26th Street corner 4th Avenue, Bonifacio Global City, Taguig City	303,212	May 31, 2027
12	BGC-Ore Central	Unit 6, G/F Ore Central, 9th Avenue corner 31st Street, Bonifacio Global City, Taguig City	536,530	September 14, 2027
13	BGC-W City Center	Unit A, G/F W City Center, 7th Avenue corner 30th Street, Bonifacio Global City, Taguig City	697,479	July 14, 2027
14	BGC-World Plaza	Unit 3, G/F World Plaza, 5th Avenue, Bonifacio Global City, Taguig City	753,750	August 31, 2027
15	Binondo-Masangkay	916 G. Masangkay Street, Binondo, Manila	277,111	November 30, 2026
16	Binondo-Nueva	Lot 17-18, Blk. 2037, Yuchengco (formerly Nueva) and Tomas Pinpin Streets, Binondo, Manila	201,987	November 30, 2025
17	Binondo-Reina Regente	1067 Don Felipe Street, (near corner Reina Regente), Binondo, Manila	84,426	March 31, 2026
18	Binondo-San Fernando	452 San Fernando Street corner Elcano Street, Binondo, Manila	180,000	December 31, 2026
19	Binondo-San Nicolas	534 Gedisco Towers, Asuncion Street, San Nicolas, Manila	196,904	March 31, 2024

PHILIPPINE NATIONAL BANK
LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
20	Cainta-San Isidro	RRCG Transport Building, Km. 18 Ortigas Avenue Extension, Barangay San Isidro, Cainta, Rizal	87,054	September 8, 2026
21	Cainta-Village East	G/F, Arellano Building, Felix Avenue, corner Village East Avenue, Cainta, Rizal	76,854	January 15, 2027
22	Caloocan-10th Ave. South	G/F, Bayani Bldg., 10th Ave. cor. Cordero St., (South) Caloocan City	118,196	May 13, 2024
23	Caloocan-A. Mabini	451 A. Mabini corner J. Rodriguez Street, Caloocan City	98,214	February 13, 2023
24	Caloocan-EDSA Balintawak	337-339 EDSA corner Don Vicente Ang Street, Caloocan City	116,160	June 10, 2024
25	Caloocan-Grace Park-10th Ave.	354 A-C 10th Avenue corner 2nd street., Grace Park, Caloocan City	95,721	May 13, 2024
26	Caloocan-Grace Park-3rd Ave.	126 Rizal Avenue Extension, between 2nd and 3rd Avenue, Grace Park, Caloocan City	109,396	October 31, 2026
27	Caloocan-Grace Park-7th Ave.	322 Rizal Avenue Extension near 7th Avenue, Grace Park, Caloocan City	78,400	July 31, 2027
28	Caloocan-Monumento	419 D&I Building, EDSA, Caloocan City	155,621	June 30, 2027
29	Caloocan-Samson Road	149 Samson Road corner P. Bonifacio Street, Caloocan City	98,547	January 31, 2024
30	Divisoria-168 Mall	Stall 3S-04, 168 Shopping Mall, Sta. Elena, Soler Street, Binondo, Manila	209,989	September 30, 2025
31	Divisoria-Elcano	706-708 Elcano Street, Binondo, Manila	274,882	November 30, 2027
32	Divisoria-Juan Luna	CK Building, 750 Juan Luna Street, Binondo, Manila	131,580	March 31, 2023
33	Divisoria-Sto. Cristo-C.M. Recto	869 Sto. Cristo Street, Binondo, Manila	115,763	September 6, 2025
34	Greenhills-Club Filipino Drive	G/F, One Kennedy Place, Club Filipino Drive, Greenhills, San Juan City	273,347	May 31, 2025
35	Greenhills-Ortigas Ave.	G/F, Limketkai Building, Ortigas Avenue, Greenhills, San Juan City	338,033	June 18, 2023
36	Las Piñas-Aguilar Avenue	G/F, Las Piñas Doctors' Hospital, Aguilar Avenue, Citadella Subdivision, Las Piñas City	158,279	March 14, 2026
37	Las Piñas-Almanza	Consolidated Asiatic Project, Inc. Building, Alabang-Zapote Road, Barangay Almanza Uno, Las Piñas City	211,783	March 31, 2027
38	Las Piñas-Almanza Uno	Hernz Arcade, Alabang-Zapote Road, Almanza, Las Piñas City	144,091	March 31, 2023
39	Las Piñas-BF Resort Village	Unit I, Ground floor, MJ Square Building, Blk 18, Lot 16, BF Resort Drive, BF Resort Village, Talon 2, Las Piñas City	33,000	February 19, 2024
40	Las Piñas-Naga Road	Lot 2A, Naga Road corner DBP Extension, Pulang Lupa Dos, Las Piñas City	84,000	March 12, 2027
41	Las Piñas-One Townsquare Place	G/F, Unit A101 One Townsquare Place, Alabang-Zapote Road, Las Piñas City	165,750	January 31, 2023

PHILIPPINE NATIONAL BANK
LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
42	Las Piñas-Pamplona	267 Alabang-Zapote Road, Pamplona Tres, Las Piñas City	114,280	February 7, 2023
43	Las Piñas-Pamplona RCS Arcade	G/F, RCS Arcade, Alabang-Zapote Road, Pamplona, Las Piñas City	102,500	January 11, 2024
44	Las Piñas-Zapote	99 Real Street, Alabang-Zapote Road, Pamplona 1, Las Piñas City	53,425	November 26, 2025
45	Makati-Aguirre	G/F, 112 All Seasons Building, Aguirre Street, Legaspi Village, Makati City	144,818	September 26, 2024
46	Makati-Allied Bank Center	G/F, Allied Bank Center, 6754 Ayala Avenue corner Legazpi Street, Makati City	2,146,420	June 05, 2030
47	Makati-Amorsolo	114 Don Pablo Building, Amorsolo Street, Legazpi Village, Makati City	203,913	July 31, 2023
48	Makati-Bangkal	G/F, E. P. Hernandez Building, 1646 Evangelista Street, Bangkal, Makati City	168,000	October 31, 2027
49	Makati-Bel-Air	52 Jupiter Street, Bel-Air, Makati City	250,000	June 5, 2026
50	Makati-Buendia-Edison	Visard Bldg, #19 Senator Gil Puyat Avenue (formerly Buendia), Makati City	98,796	February 7, 2026
51	Makati-Dasmariñas Village	2284 Allegro Center, Chino Roces Avenue Extension, Makati City	122,493	October 31, 2025
52	Makati-Dela Costa	G/F, Classica Tower Condominium, 114 H.V. Dela Costa Street, Salcedo Village, Makati City	113,881	September 30, 2024
53	Makati-Eton Yakal	Unit 14, G/F, Ewest Mall, Chino Roces Avenue corner Yakal Street, Makati City	142,430	September 14, 2024
54	Makati-Greenbelt	G/F, 114 Charter House Building, Legazpi Street, Legazpi Village, Makati City	101,857	September 30, 2026
55	Makati-Guadalupe	Pacmac Building, 23 EDSA Guadalupe Nuevo, Makati City	111,888	October 18, 2026
56	Makati-Leviste St.-Salcedo Village	G/F, LPL Mansions Condominium, 122 L.P. Leviste Street, Salcedo Village, Makati City	220,904	April 19, 2026
57	Makati-Metropolitan Avenue	G/F, 1012 BUMA Building, Metropolitan Avenue, San Antonio Village, Makati City	108,803	October 15, 2023
58	Makati-P. Ocampo	G/F, PMI Tower, P. Ocampo St., Brgy. La Paz, Makati City	118,000	January 31, 2026
59	Makati-Pasong Tamo	2233 Chino Roces Avenue, Makati City	151,439	June 30, 2026
60	Makati-Rockwell Center	Stall No. RS-03, G/F Manansala Tower, Estrella Street corner Joya Drive Rockwell Center, Makati City	304,805	March 31, 2027
61	Makati-Salcedo St.-Legaspi Village	First Life Center, 174 Salcedo Street, Legazpi Village, Makati City	149,922	October 15, 2024
62	Makati-San Lorenzo-Arnaiz	G/F, Power Realty Building, 1012 A. Arnaiz Avenue, Barangay San Lorenzo, Makati City	85,085	June 30, 2026
63	Malabon-Gov. Pascual	157 Gov. Pascual Avenue, Acacia, Malabon City	51,973	June 15, 2023

PHILIPPINE NATIONAL BANK
LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
64	Malabon-Potrero	A & S Building, 189 MacArthur Highway, Potrero, Malabon City	90,411	February 11, 2025
65	Mandaluyong-Boni Avenue	654 Boni Avenue, Mandaluyong City	156,538	December 31, 2026
66	Mandaluyong-D. Guevarra	G/F, Libertad Heights Building, 16 Domingo M. Guevarra St., Brgy. Highway Hills, Mandaluyong City	192,000	November 17, 2024
67	Mandaluyong-Pioneer	G/F, B. Guerrero Complex, 123 Pioneer Street, Mandaluyong City	153,154	April 14, 2024
68	Mandaluyong-Shangri-La Plaza	Unit AX 116 P3 Carpark Building, Shangri-la Annex Plaza Mall, Edsa corner Shaw Boulevard, Mandaluyong City	183,155	September 30, 2025
69	Mandaluyong-Shaw Blvd.	Unit G06, Global Link Center, No. 710-712 Shaw Boulevard, Barangay Wack-Wack, Mandaluyong City	194,070	September 30, 2023
70	Mandaluyong-Shaw-Acacia Lane	VSK Building, 2 Acacia Lane corner Shaw Boulevard, Mandaluyong City	162,289	June 15, 2024
71	Manila Benavidez - La Torre	G/F, Oxford Parksuites, Benavidez corner La Torre Streets, Barangay 260, Tondo, Manila	197,434	Month-to-Month
72	Manila-Bambang-Masangkay	G/F, ST Condominium, 1480 G. Masangkay Street, Sta. Cruz, Manila	158,919	February 28, 2026
73	Manila-Blumentritt-L. Rivera	Citidorm Blumentritt, 1848 Blumentritt corner Leonor Rivera Streets, Sta. Cruz, Manila	109,395	November 30, 2024
74	Manila-BSP	G/F, Cafetorium Building, BSP Complex, A. Mabini corner P. Ocampo Streets, Malate, Manila	180,755	June 30, 2023
75	Manila-Century Park Hotel	G/F Century Park Hotel, P. Ocampo (Vito Cruz Ext.) cor. M. Adriatico Sts., Malate, Manila	256,363	February 29, 2024
76	Manila-Ermita U.N. Ave.	Physician's Tower, 533 U.N. Avenue, corner San Carlos Street, Ermita, Manila	171,993	January 31, 2023
77	Manila-Ermita-Roxas Blvd.	Roxas Boulevard corner Arquiza Street, Ermita, Manila	243,581	January 15, 2026
78	Manila-Escolta	G/F, Regina Building, Escolta, Manila	234,357	September 30, 2025
79	Manila-España	Unit 104, Street Thomas Square, 1150 España Boulevard corner Padre Campa Street, Sampaloc East, Manila	66,885	March 15, 2023
80	Manila-Fugoso St.	JT Centrale, No. 1686, Barangay 311 Zone 31, V. Fugoso corner Felix Huertas Streets., Sta. Cruz, Manila	134,928	August 5, 2026
81	Manila-G. Tuazon	Greeny Rose Residences Inc., G. Tuazon corner 311 Algeciras Streets, Balic-Balic, Sampaloc, Manila	103,056	September 22, 2027
82	Manila-Intramuros-Cathedral	707 Shipping Center Condominium, A. Soriano Jr. Street, Intramuros, Manila	117,350	November 30, 2024

PHILIPPINE NATIONAL BANK
LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
83	Manila-J.P. Laurel	G/F, Gama Building, J. P. Laurel corner Minerva Streets, San Miguel, Manila	122,321	February 28, 2024
84	Manila-Jose Abad Santos	1450-1452 Coyuco Building, Jose Abad Santos, Tondo, Manila	70,859	August 31, 2026
85	Manila-Leon Guinto	G/F, Marlow Building, 2120 Leon Guinto Street, Malate, Manila	274,363	July 15, 2025
86	Manila-Maceda-Laon Laan	G/F, Maceda Place Building, Laong-Laan corner Maceda Streets, Sampaloc, Manila	102,201	July 29, 2025
87	Manila-Malate-Adriatico	G/F, Pearl Garden Hotel, 1700 M. Adriatico corner Malvar Streets, Malate, Manila	173,571	June 30, 2024
88	Manila-Malate-Taft	Mark 1 Building, 1971 Taft Avenue, Malate , Manila	170,800	July 17, 2026
89	Manila-Morayta	929 Consuelo Building, Nicanor Reyes Street, Sampaloc, Manila	211,974	July 31, 2023
90	Manila-North Bay	511 Honorio Lopez Boulevard, Balut, Tondo, Manila	49,020	October 31, 2025
91	Manila-Ongpin	G/F, Prestige Tower Condominium, 917 Ongpin Street, Sta. Cruz, Manila	100,000	January 13, 2023
92	Manila-P. Ocampo Sr.	550 Pablo Ocampo cor. Mabini Sts. Malate, Manila	130,343	May 31, 2026
93	Manila-Padre Rada	647 RCS Building, Padre Rada Street, Tondo, Manila	213,517	October 31, 2024
94	Manila-Pandacan	Jesus corner T. San Luis Sts, Pandacan, Manila	73,764	October 31, 2025
95	Manila-PGH	PGH Compound, Taft Avenue, Ermita, Manila	195,449	November 10, 2023
96	Manila-Pritil-Capulong	MTSC Building, Juan Luna corner Capulong Extension, Tondo, Manila	102,679	October 31, 2025
97	Manila-Quiapo-C. Palanca	201 C. Palanca corner Quezon Boulevard, Quiapo, Manila	146,700	November 30, 2023
98	Manila-Remedios	G/F, Royal Plaza Twin Towers Condominium, 648 Remedios corner Ma. Orosa Streets, Malate, Manila	126,470	August 31, 2025
99	Manila-Rizal Ave.-Laguna	2229-2231 Rizal Avenue, Sta. Cruz, Manila	120,073	December 31, 2027
100	Manila-San Andres	1155 Swanson Building corner Linao Street, San Andres, Manila	110,000	July 30, 2025
101	Manila-T. Alonzo	905 T. Alonzo corner Ongpin Streets, Sta. Cruz, Manila	196,928	March 31, 2025
102	Manila-Tondo-Juan Luna	1941-1943 Juan Luna Street, Tondo, Manila	130,000	October 31, 2027
103	Manila-Tutuban Mall	LS 31 Podium Level, Tutuban Prime Block Mall, Tutuban Center, C.M. Recto, Manila	162,937	June 14, 2026
104	Manila-U.E. Recto	G/F, Dalupan Building, University of the East, 2219 Claro M. Recto Avenue, Manila	61,529	September 30, 2026
105	Manila-U.N. Ave.	G/F, UMC Building, 900 U.N. Avenue, Ermita, Manila	121,275	November 30, 2027
106	Marikina-Calumpang (former Marikina)	G/F, RBI Center Building, Calderon corner J.P. Rizal Streets, Barangay Calumpang, Marikina City	160,000	September 13, 2026

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LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
107	Marikina-Concepcion	Bayan-Bayanan Avenue corner Eustaquio Street, Concepcion, Marikina City	255,436	June 30, 2027
108	Marikina-Lilac	G/F, Paulmarcs Centre, Lot 1 Blk. 11 Lilac Street corner Rancho Avenue, Hacienda Heights Village, Concepcion Dos, Marikina City	95,000	January 7, 2024
109	Marikina-Shoe Ave.	Shoe Avenue corner W. Paz Street, Sta. Elena, Marikina City	205,838	November 13, 2025
110	Muntinlupa-Alabang-Ayala South Park	G/F, Ayala Malls South Park, Alabang, Muntinlupa City	86,723	December 31, 2026
111	Muntinlupa-Alabang-Madrigal Business	G/F, Page 1 Building, 1215 Acacia Avenue, Madrigal Business Park, Ayala Alabang, Muntinlupa	276,640	May 14, 2027
112	Muntinlupa-Bellevue-Filinvest	G/F, Bellevue Hotel, North Bridgeway, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinlupa City	180,000	July 31, 2024
113	Muntinlupa-East Service Road	Uratex Building, Km. 23, East Service Road, Barangay Cupang, Muntinlupa City	72,000	August 13, 2023
114	Muntinlupa-Filinvest Avenue	BC Group Center, Filinvest Avenue & East Asia Drive, Filinvest Corporate City, Muntinlupa City	250,678	January 15, 2027
115	Muntinlupa-Poblacion	G/F, Arbar Building, National Highway, Poblacion, Muntinlupa City	100,000	June 18, 2024
116	Muntinlupa-Starmall Alabang	Upper Ground Level, Starmall Alabang, South Superhighway, Alabang, Muntinlupa City	69,574	July 18, 2026
117	NAIA 1-Departure Area	Departure Area, NAIA Terminal 1, Parañaque City	9,926	December 31, 2025
118	NAIA 2-Departure Area	NAIA Centennial Terminal 2, Northwing Level Departure International Building, Pasay City	42,877	December 31, 2025
119	NAIA 3-Arrival Area	Arrival Area , NAIA Terminal 3, Pasay City	20,539	December 31, 2025
120	Parañaque-Aseana City	G/F, Space 127, Monarch Parksuites, Bradco Avenue, Aseana Business Park, Parañaque City	289,893	November 20, 2027
121	Parañaque-BF Homes-Aguirre Avenue	47 Aguirre Ave. cor. Tirona St., BF Homes, Parañaque City	108,588	July 12, 2027
122	Parañaque-BF Homes-Pres. Ave.	43-C President Avenue, BF Homes, Parañaque City	103,318	December 1, 2023
123	Parañaque-East Service Road	Iba corner Malugay Streets, East Service Road, Barangay San Martin de Porres, United Parañaque	89,850	November 30, 2024
124	Parañaque-Oyster Plaza	Unit D1, Oyster Plaza Building, Ninoy Aquino Avenue, Barangay San Dionisio, Paranaque City	88,647	October 31, 2025
125	Parañaque-Sucat-A. Santos	G/F, Kingsland Building, Dr. A. Santos Avenue, Sucat, Parañaque City	154,746	October 31, 2025

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
126	Parañaque-Sucat-Evacom	G/F, AC Raftel Center, 8193 Dr. A. Santos Avenue, Sucat Road, Paranaque City	157,000	May 31, 2029
127	Pasay-Cartimar	SATA Corp. Building, 2217 Cartimar-Taft Avenue, Pasay City	134,188	October 15, 2024
128	Pasay-Coral Way	Unit 103, G/F, Philflex Bay Center, Coral Way Drive, Mall of Asia Complex, Pasay City	224,400	December 14, 2023
129	Pasay-Domestic Airport Rd.	G/F, PAL Data Center Building, Domestic Airport Road, Pasay City	P10,506.83 - Bldg.5,262.	Month-to-Month
130	Pasay-EDSA Extension	235-A Loring Street, Pasay City	189,911	May 27, 2024
131	Pasay-Gil Puyat	G/F, Centro Buendia Building, 401 Sen. Gil Puyat Avenue, Pasay City	228,710	October 31, 2023
132	Pasay-GSIS	Level 1 GSIS Building, Financial Center, Roxas Boulevard, Pasay City	148,766	May 31, 2023
133	Pasay-Libertad	277 P. Villanueva Street, Libertad, Pasay City	137,370	December 31, 2026
134	Pasay-Macapagal-DD Meridian	G/F, DoubleDragon Center West, EDSA Extension corner Macapagal Avenue, Bay Area, Pasay City	184,600	August 27, 2024
135	Pasay-Roxas Blvd.	Suite 101, CTC Building, 2232 Roxas Boulevard, Pasay City	283,920	February 28, 2027
136	Pasay-Taft	2482 Taft Avenue, Pasay City	185,220	January 31, 2023
137	Pasay-Villamor Air Base	G/F, Airmens Mall Building corner Andrews & Sales Streets, Villamor Air Base, Pasay City	27,000	December 31, 2026
138	Pasig-C. Raymundo	G/F, JG Building, C. Raymundo Avenue, Maybunga, Pasig City	69,128	August 2, 2025
139	Pasig-Capitol Commons	Unit 2, G/F, Unimart Capitol Commons, Shaw Boulevard corner Meralco Avenue, Barangay Oranbo, Pasig City	444,880	May 5, 2023
140	Pasig-Kapasigan	Emiliano A. Santos Building, A. Mabini corner Dr. Sixto Antonio Avenue, Pasig City	244,052	September 30, 2025
141	Pasig-Kapitolyo	G/F, LMCM Building, 16 United Street, Bo. Kapitolyo, Pasig City	67,660	December 31, 2022
142	Pasig-Ortigas Ext.	103 B. Gan Building, Ortigas Avenue Extension, Rosario, Pasig City	155,000	August 31, 2023
143	Pasig-Ortigas Garnet	Unit 104, Taipan Place Building, Emerald Avenue, Ortigas Center, Pasig City	182,023	October 15, 2027
144	Pasig-Santolan	Amang Rodriguez Avenue, Barangay Dela Paz, Santolan, Pasig City	178,571	December 7, 2023
145	Pasig-Tiendesitas	G/F, Units 4-5, Silver City Building, No. 03, Frontera Verde Drive, Ortigas Center, Pasig City	224,754	September 29, 2025
146	Pateros-Almeda	Tri-Ax One Center, 133 M. Almeda cor. Morcilla Sts., Pateros	117,384	November 30, 2026
147	Q.C.-A. Bonifacio	789 A. Bonifacio Avenue Barangay Pag-Ibig sa Nayon, Balintawak, Quezon City	107,520	May 14, 2024

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148	Q.C.-Acropolis	251 TriQuetra Building, E. Rodriguez Jr. Avenue, Barangay Bagumbayan, Quezon City	206,636	October 31, 2025
149	Q.C.-Araneta Center	Unit 5, G/F, Manhattan Heights, Araneta Center, Cubao, Quezon City	242,030	September 30, 2026
150	Q.C.-Banawe-N. Roxas	G/F, Prosperity Banawe Center, 395 Banawe corner N. Roxas Streets, Quezon City	230,000	December 31, 2024
151	Q.C.-Batasang Pambansa	Main Entrance, Batasan Pambansa Complex, Constitutional Hills, Quezon City	10,000	January 13, 2025
152	Q.C.-BSP	Bangko Sentral ng Pilipinas, Security Plant Complex, East Avenue, Diliman, Quezon City	13,225	December 31, 2023
153	Q.C.-Commonwealth Avenue	G/F, KC Square Building, 529 Commonwealth Avenue, Diliman, Quezon City	109,396	December 1, 2024
154	Q.C.-Cubao-Harvard	SRMC Building, 901 Aurora Boulevard corner Harvard & Stanford Streets, Cubao, Quezon City	123,200	September 30, 2026
155	Q.C.-Del Monte	116 Del Monte Avenue corner D. Tuazon Street, Barangay Maharlika, Quezon City	115,474	July 31, 2026
156	Q.C.-Del Monte-Frisco	972 Del Monte Avenue, corner San Pedro Bautista Street, San Francisco del Monte, Quezon City	91,163	January 23, 2023
157	Q.C.-Don Antonio Heights	30 G/F, Puno Foundation Building, Barangay Holy Spirit, Quezon City	123,200	February 28, 2027
158	Q.C.-E. Rodriguez-G.Araneta	599 B, G. Araneta Avenue corner E. Rodriguez Sr. Avenue, Doña Imelda, Quezon City	50,030	August 31, 2027
159	Q.C.-EDSA Roosevelt	1024 Global Trade Center Building, EDSA, Quezon City	200,725	January 31, 2024
160	Q.C.-EDSA-Eton Centris	G/F, One Cyberpod Centris, EDSA Eton Centris, corner EDSA & Quezon Avenue, Quezon City	131,335	March 31, 2025
161	Q.C.-Eton-Corinthian	Unit 78 E-Life, Eton Cyberpod Corinthian, EDSA corner Ortigas Avenue, Barangay Ugong Norte, Quezon City	156,933	March 14, 2025
162	Q.C.-Ever Commonwealth	Lower G/F, Stall No. 20, Ever Commonwealth Mall, Commonwealth Avenue, Quezon City	268,119	March 6, 2026
163	Q.C.-Fairview Commonwealth	70 Commonwealth Avenue, Fairview Park Subdivision, Fairview, Quezon City	86,900	March 31, 2023
164	Q.C.-Fairview-Regalado Ave.	No. 41, Regalado Avenue, West Fairview, Quezon City	146,588	May 31, 2026
165	Q.C.-Frisco	136 Roosevelt Avenue, Barangay Paraiso, San Francisco del Monte, Quezon City	60,000	October 19, 2024
166	Q.C.-Galas	20 A. Bayani Street, corner Bustamante, Galas, Quezon City	93,578	May 31, 2026

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
167	Q.C.-Grace Village	G/F, TSPS Building, Christian corner Grace Streets, Grace Village, Quezon City	137,652	December 31, 2026
168	Q.C.-Granada	G/F, Xavier Hills Condominium, 32 Granada corner N. Domingo Streets, Brgy Valencia, Quezon City	156,026	February 28, 2025
169	Q.C.-Katipunan-Aurora Blvd.	Aurora Boulevard, near PSBA, Barangay Loyola Heights, Quezon City	56,882	November 15, 2026
170	Q.C.-Katipunan-Loyola Heights	335 Agcor Building, Katipunan Avenue, Loyola Heights, Quezon City	202,456	December 31, 2023
171	Q.C.-Katipunan-St. Ignatius	G/F, Linear Building, 142 Katipunan Road, Quezon City	124,437	January 31, 2024
172	Q.C.-Lagro	BDI Center Inc., Lot 33, Blk. 114, Regalado Avenue, Greater Lagro, Quezon City	183,680	September 16, 2023
173	Q.C.-Lagro-Quirino	KM. 21, Lester Building, Quirino Highway, Lagro, Quezon City	140,000	June 30, 2024
174	Q.C.-Matalino	21 Tempus Building, Matalino Street, Diliman, Quezon City	136,750	June 30, 2026
175	Q.C.-Mindanao Avenue	888 Yrreverre Square Building, Mindanao Avenue, Barangay Talipapa, Novaliches, Quezon City	125,512	June 30, 2026
176	Q.C.-MWSS	MWSS Compound, Katipunan Road, Balara, Quezon City	128,250	April 30, 2024
177	Q.C.-N.S. Amoranto	Unit 103, "R" Place Building, 255 N.S. Amoranto Sr. Avenue, Quezon City	108,484	May 31, 2023
178	Q.C.-NFA	SRA Building, Barangay Vastra, North Avenue, Quezon City	55,834	August 31, 2026
179	Q.C.-Novaliches-Talipapa	513 Quirino Highway, Talipapa, Novaliches, Quezon City	57,372	February 24, 2025
180	Q.C.-NPC	Agham Road, Diliman, Quezon City	283,387	January 14, 2023
181	Q.C.-Project 8	Mecca Trading Building, Congressional Avenue, Project 8, Quezon City	95,090	May 31, 2026
182	Q.C.-Roces Avenue	Units 16 & 17, The Arcade at 68 Roces, Don Alejandro Roces Avenue, Barangay Obrero, Quezon City	215,550	April 5, 2026
183	Q.C.-Roosevelt Ave.	256 Roosevelt Avenue, Barangay San Antonio, San Francisco del Monte, Quezon City	175,000	April 30, 2024
184	Q.C.-SSS Diliman	G/F, SSS Building, East Avenue Diliman, Quezon City	162,839	January 31, 2023
185	Q.C.-Tandang Sora	102 Tandang Sora Avenue corner San Miguel Village, Barangay Pasong Tamo, Quezon City	66,550	September 25, 2026
186	Q.C.-Timog	G/F, Newgrange Building, 32 Timog Avenue, Barangay Laging Handa, Quezon City	85,500	November 14, 2026
187	Q.C.-Timog EDSA	Upper G/F, Caswynn Building 134 Timog Avenue, Barangay Sacred Heart, Quezon City	134,000	June 26, 2027

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
188	Q.C.-Tomas Morato	114 Tomas Morato Avenue, Barangay Kamuning, Quezon City	85,110	April 10, 2024
189	Q.C.-UERMMM	G/F, UERMMM, No. 64 Aurora Boulevard, Barangay Dona Imelda, Quezon City	126,313	May 31, 2026
190	Q.C.-UP Campus	No. 3 Apacible Street, UP Campus, Diliman, Quezon City	416,960	monthly
191	Q.C.-Visayas Avenue	Wilcon City Center, 121 Visayas Avenue, Barangay Bahay Toro, Quezon City	132,767	June 5, 2026
192	Q.C.-Visayas Congressional	#22 RTS Building, Congressional Avenue, Quezon City	127,323	March 15, 2026
193	Q.C.-Welcome Rotonda	10 Doña Natividad Building, Quezon Avenue, Welcome Rotonda, Quezon City	82,947	February 28, 2026
194	Q.C.-Zabarte	1131 Quirino Hi-way, Barangay Kaligayahan, Novaliches, Quezon City	107,143	July 31, 2026
195	Rizal-Binangonan	8002 La Plaza Bldg., J.P. Rizal corner P. Gomez Sts., Poblacion, Brgy. Libis, Binangonan, Rizal	63,700	February 28, 2024
196	Rizal-Montalban	E. Rodriguez Avenue corner Midtown Subdivision, Rosario, Rodriguez, Rizal	76,576	May 31, 2026
197	Rizal-San Mateo	19 General Luna Street, Barangay Banaba, San Mateo, Rizal	52,328	October 31, 2026
198	Rizal-Tanay	Tanay New Public Market Road, Barangay Plaza Aldea, Tanay, Rizal	141,308	October 29, 2027
199	Rizal-Taytay	Ilog Pugad National Road, Barangay San Juan, Taytay, Rizal	49,217	October 22, 2023
200	San Juan-Annapolis	G/F, Continental Plaza, Annapolis Street, Greenhills, San Juan City	151,938	February 28, 2023
201	San Juan-Eton Square Ortigas	ETON Square Ortigas, Ortigas Avenue, Greenhills, San Juan City, Metro Manila	203,280	October 31, 2023
202	San Juan-F. Blumentritt	213 F. Blumentritt Street corner Lope K. Santos, San Juan City	79,997	March 31, 2023
203	San Juan-Jose Abad Santos	G/F, TNA Building #17 Jose Abad Santos Street, Little Baguio, San Juan City	205,722	March 31, 2027
204	Taguig- FTI Complex	Lot 55, G/F, Old Admin Building, FTI Complex, Taguig City	98,452	July 7, 2023
205	Taguig-Bagong Calzada	Skyler Realty Building, Bagong Calzada, Barangay Ususan, Taguig City	120,270	March 17, 2024
206	Taguig-Bayani Road	G/F, GPI Building, 53 Bayani Road, Fort Bonifacio, Taguig City	158,760	March 31, 2027
207	Taguig-Mckinley West	G/F, Unit A108, West Campus Building, Mckinley West, Taguig City	340,500	July 31, 2022
208	Valenzuela-Gen. T. De Leon	4024 General T. de Leon Street, Barangay General T. de Leon, Valenzuela City	82,738	July 31, 2026
209	Valenzuela-MacArthur-Marulas	G/F, Cabiltes Bldg., 182 MacArthur Highway, Marulas, Valenzuela City	80,000	August 12, 2025
210	Valenzuela-Malinta	Moiriah's Building, 407 MacArthur Highway, Malinta, Valenzuela City	102,860	August 31, 2025
211	Valenzuela-Paso De Blas	179 Paso de Blas, Valenzuela City	133,100	May 31, 2024

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Northern Luzon				
1	Angeles-MacArthur Highway	V&M Building Barangay Sto Cristo, MacArthur Highway, Angeles City, Pampanga	116,765	July 14, 2026
2	Aurora-Baler	G/F, DNR Bldg., Quezon Street, Barangay Suklayin, Baler, Aurora Province	45,000	November 1, 2025
3	Baguio City-Magsaysay Ave.	G/F, Lyman Ogilby Centrum Building, 358 Magsaysay Avenue, Baguio City	88,683	June 30, 2027
4	Baguio City-Naguilian Road	G/F, High Country Inn, Naguilian Road, Baguio City	81,034	October 31, 2026
5	Baguio City-Rizal Park	G/F, Travelite Express Hotel, Shuntug Street corner Fernando G. Bautista Drive, Baguio City	213,678	July 31, 2026
6	Bataan-Dinalupihan	BDA Building, San Ramon Highway, Dinalupihan, Bataan	67,005	February 5, 2027
7	Bataan-Mariveles-BEPZ	Bataan Economic Zone, Luzon Avenue, Freeport Area of Bataan, Mariveles, Bataan	67,768	March 6, 2024
8	Bataan-Orani	Agustina Building, MacArthur Highway, Parang-Parang, Orani, Bataan	41,675	November 17, 2023
9	Bataan-Orion	19 Daan Bilolo, Orion, Bataan	33,628	March 31, 2024
10	Benguet-La Trinidad	Benguet State University Compound, Barangay Balili, KM. 5, La Trinidad, Benguet	46,080	October 5, 2027
11	Bulacan-Balagtas	G/F D & A Building, MacArthur Highway, San Juan, Balagtas, Bulacan	53,571	June 30, 2030
12	Bulacan-Bocaue	JM Mendoza Building, MacArthur Hi-way, Lolombo, Bocaue, Bulacan	109,462	October 7, 2027
13	Bulacan-Guiguinto	G.S. Bldg., Cagayan Valley Road, Sta. Rita, Guiguinto, Bulacan	38,584	July 10, 2026
14	Bulacan-Marilao	Units 104 & 105 Plaza Cecilia Bldg., Marilao-San Jose Road, Sta. Rosa 1, Marilao, Bulacan	62,400	December 18, 2026
15	Bulacan-Obando	G/F, Fisherman Building, J.P. Rizal St., Brgy. Paliwas, Obando, Bulacan	50,962	July 31, 2027
16	Bulacan-Plaridel	Cagayan Valley Road, Banga 1st, Plaridel, Bulacan	72,603	June 5, 2027
17	Bulacan-Robinsons Pulilan	Robinsons Mall Pulilan, Maharlika Highway, Cutcut, Pulilan, Bulacan	52,468	December 31, 2024
18	Bulacan-San Rafael	San Rafael Public Market, Cagayan Valley Road, Barangay Cruz na Daan, San Rafael, Bulacan	60,116	October 7, 2025
19	Bulacan-Sta. Maria	Jose Corazon De Jesus Street, Poblacion, Santa Maria, Bulacan	85,465	September 30, 2023
20	Cabanatuan-Dicarma	R. Macapagal Building, Barangay Dicarma, Maharlika Highway, Cabanatuan City, Nueva Ecija	45,600	August 31, 2024
21	Cabanatuan-Maharlika	KM. 114 Maharlika Highway, De Guzman Building, Barangay Bernardo Cabanatuan City, Nueva Ecija	69,458	May 15, 2024

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22	Cagayan-Sanchez Mira	C-2 Maharlika Highway, Sanchez Mira, Cagayan	77,812	December 1, 2037
23	Cagayan-Tuao	G/F, Villacete Building, National Highway, Pata, Tuao, Cagayan	18,000	September 23, 2023
24	Cagayan-Tuguegarao-Brickstone Mall	G/F, Brickstone Mall, KM. 482, Maharlika Highway, Pengue Ruyu, Tuguegarao City, Cagayan	72,201	November 15, 2025
25	Dagupan City-A.B. Fernandez-Nable	A. B. Fernandez Avenue corner Nable Street, Dagupan City, Pangasinan	88,785	December 31, 2024
26	Dagupan City-Perez Blvd.	Orient Pacific Building, Perez Boulevard corner Rizal Extension, Dagupan City, Pangasinan	103,464	March 5, 2027
27	Ifugao-Lagawe	JDT Building, Inguiling Drive, Poblacion East, Lagawe, Ifugao	16,069	November 10, 2023
28	Ilocos Norte-Pasuquin	Farmers Trading Center Building, Maharlika Hi-way, Poblacion 1, Pasuquin, Ilocos Norte	22,400	June 27, 2027
29	Ilocos Sur-Narvacan	Annex Building, Narvacan Municipal Hall, Sta. Lucia, Narvacan, Ilocos Sur	72,930	December 31, 2027
30	Isabela-Alicia	Armando & Leticia de Guia Building, San Mateo Road, Antonino, Alicia, Isabela	54,095	November 30, 2025
31	Isabela-Cauayan-Maharlika Hi-Way	Disston Building, Maharlika Highway, Barangay San Fermin, Cauayan, Isabela	64,286	March 31, 2024
32	Isabela-Centro Ilagan	Rizal Street, Centro Poblacion, Ilagan City, Isabela	56,075	August 13, 2026
33	Kalinga-Tabuk	West Gate Building, Provincial Road, Poblacion Centro, Tabuk City, Kalinga	63,856	December 20, 2025
34	Laoag City-Castro	F.R. Castro Street, Barangay 17, Laoag City, Ilocos Norte	120,608	March 31, 2025
35	Malolos City-MacArthur Hi-way	FC Building, KM. 40, MacArthur Hi-way, Sumapang Matanda, Malolos City, Bulacan	88,446	December 31, 2026
36	Meycauayan City- MacArthur-Saluysoy	The Maryville Square Bldg. Annex, MacArthur Highway, Saluysoy, Meycauayan City, Bulacan	96,753	November 17, 2029
37	Meycauayan City-Esperanza Mall	G/F, Stalls 8 & 9, Esperanza Mall, MacArthur Highway, Barangay Calvario, Meycauayan, Bulacan	59,640	September 30, 2026
38	Mountain Province-Bontoc	G/F, Mount Province Commercial Center, Poblacion, Bontoc, Mountain Province	28,453	September 10, 2026
39	Nueva Ecija - Sta. Rosa	JNB Building, Maharlika Highway, Barangay Cojuanco, Sta. Rosa, Nueva Ecija	45,600	September 30, 2026
40	Nueva Ecija-Guimba	CATMAN Building, Provincial Road corner Faigal Street, Saranay District, Guimba, Nueva Ecija	57,900	September 5, 2027
41	Olongapo City-Magsaysay Drive	97 YBC Leisure Center, Magsaysay Drive, East Tapinac, Olongapo City, Zambales	170,171	May 31, 2023

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42	Olongapo City-Subic Bay	Lot 5 Retail 2, Times Square Mall, Sta. Rita Road, Subic Bay Freeport Zone, Olongapo City, Zambales	91,024	October 8, 2026
43	Pampanga-Apalit	G/F, Primemed Quest Alliance Building, MacArthur Highway, San Vicente, Apalit, Pampanga	97,500	September 30, 2028
44	Pampanga-Clark Field	Clark Center II, Retail 4 & 5. Berthaphil III, Jose Abad Santos Avenue Clark Freeport Zone, Pampanga	\$2,316.00 (Tax Exempt)	May 31, 2029
45	Pampanga-Lubao	OG Road, Ela Paz Arcade, Barangay Santa Cruz, Lubao, Pampanga	52,255	December 31, 2025
46	Pampanga-Mabalacat-Mabiga	Destiny Building, MacArthur Highway, Mabiga, Mabalacat City, Pampanga	45,995	January 31, 2026
47	Pampanga-Macabebe	SGB Building, San Gabriel, Macabebe, Pampanga	40,000	March 27, 2026
48	Pampanga-San Simon	Unit A, Global Aseana Business Park 1, Quezon Road, San Simon, Pampanga	52,906	November 17, 2024
49	Pangasinan-Bayambang	Prime Building, Rizal Street, Zone 2, Bayambang, Pangasinan	86,171	October 11, 2025
50	Pangasinan-Calasiao	G/F, Elguira Bldg., National Highway, Barangay Nalsian, Calasiao, Pangasinan	115,763	April 30, 2027
51	Pangasinan-Mangaldan	G/F, Abad Biascan Building, Rizal Street, Poblacion, Mangaldan, Pangasinan	70,223	March 31, 2025
52	Pangasinan-San Carlos City	Plaza Jaycee, San Carlos City, Pangasinan	86,450	August 14, 2024
53	San Fernando City-Dolores	Units 4 & 5, G/F, Peninsula Plaza Building, MacArthur Highway, Dolores, City of San Fernando, Pampanga	80,155	May 31, 2024

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54	San Fernando City-East Gate	East Gate City Walk Commercial Building, Olongapo-Gapan Road, San Jose, City of San Fernando, Pampanga	64,286	June 15, 2023
55	San Fernando City-MacArthur Hi-way	LNG Building, MacArthur Highway, Barangay Dolores, City of San Fernando, Pampanga	85,596	July 31, 2023
56	San Fernando City-Sindalan	G/F, Sindalan Commercial Building, Barangay Sindalan, City of San Fernando, Pampanga	85,001	August 31, 2027
57	San Jose Del Monte-Quirino Hi-way	Dalisay Building, Quirino Hi-way, Tungkong Mangga, City of San Jose Del Monte, Bulacan	150,000	December 31, 2024
58	Santiago-Panganiban	Municipal Integrated Parking Building, Panganiban Street, Barangay Centro East, Santiago City, Isabela	1,689	Month-to-Month
59	Tarlac City-Zamora	Unit 123, A & E Building, #06 Zamora Street, Barangay San Roque, Tarlac City	108,039	October 5, 2027
60	Tarlac-Camiling	Rizal Street, Poblacion G, Camiling, Tarlac	90,000	February 5, 2028
61	Tarlac-Capas	491 Arcade Tizon Compound., McArthur Hi-way, Sto. Domingo II, Capas, Tarlac	66,950	October 15, 2026
62	Urdaneta City-Alexander	AAG Building 2, Alexander Street, Urdaneta City, Pangasinan	78,500	January 31, 2023
63	Vigan City Market	G/F, Unit 6, Puregold Vigan, Alcantara Street, Poblacion, Vigan City, Ilocos Sur	68,558	July 13, 2024
64	Zambales-Sta. Cruz	Barangay Hall, Poblacion South, Sta. Cruz, Zambales	25,000	December 31, 2023
Southern Luzon				
1	Albay-Ligao	San Jose Street, Dunao, Ligao City, Albay	90,000	September 5, 2027
2	Albay-Polangui	National Road, Ubaliw, Polangui, Albay	35,714	April 30, 2023
3	Bacoor City-Molino	I.K. Commercial Building, Villa Maria Subdivision, Molino Highway, Molino III, Bacoor, Cavite	86,640	May 31, 2024
4	Bacoor City-Panapaan	San Miguel Commercial Building, 215 E. Aguinaldo Highway, Barangay Panapaan I, Bacoor, Cavite	121,573	April 14, 2027
5	Batangas City-Diego Silang	Diego Silang St., Batangas City, Batangas Province	85,000	September 30, 2024

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
6	Batangas City-Kumintang	JPA AMA Building, National Hi-way, Kumintang Ilaya, Batangas City	66,000	February 28, 2025
7	Batangas City-P. Burgos	Unit G1E, G/F Expansion Area, Nuciti Central Mall, P. Burgos Street, Batangas City, Batangas	143,212	March 22, 2025
8	Batangas City-Pallocan West	GF, MAJ Building, National Highway, Pallocan West, Batangas City	85,085	June 26, 2026
9	Batangas-Lemery	Humarang Building corner Ilustre Avenue and P. De Joya Street, Lemery, Batangas	101,846	June 30, 2026
10	Batangas-Mabini	Casa Sorella Commercial Bldg., F. Castillo Street, Poblacion, Mabini, Batangas	35,714	May 29, 2026
11	Batangas-Malvar	Pres. Laurel Highway, Brgy Poblacion, Malvar, Batangas	57,881	November 30, 2026
12	Batangas-Nasugbu	J. P. Laurel corner F. Alix Streets, Nasugbu, Batangas	85,000	May 31, 2024
13	Batangas-Rosario	G/F, JCO Building, Carandang Street, Brgy. C, Rosario, Batangas	70,036	March 31, 2027
14	Batangas-Sto. Tomas Market	Sto. Tomas Market, Maharlika Highway, Barangay Poblacion 2, Sto. Tomas, Batangas	81,000	December 11, 2023
15	Batangas-Tanauan	G/F, V. Luansing Bldg, J.P. Laurel Highway, Tanauan City, Batangas	81,396	August 21, 2026
16	Batangas-Tanauan-Victory Mall	GF-09 Victory Mall & Market, Barangay Poblacion VII, Tanauan City, Batangas	116,232	November 14, 2023
17	Camarines Norte-Daet-Pimentel Ave.	F. Pimentel Avenue corner Dasmarinas Street, Daet, Camarines Norte	96,025	March 16, 2025
18	Camarines Sur-Goa	Juan Go Building, corner Rizal & Bautista Streets, Goa, Camarines sur	50,139	May 31, 2024
19	Camarines Sur-Pili	Cu Building, Old San Roque, Pili, Camarines Sur	78,719	August 31, 2027
20	Catanduanes-Virac	G/F, Johnson Building, Rizal Avenue Santa Cruz, Virac, Catanduanes	80,000	April 27, 2028
21	Cavite-Carmona	767 Barangay Maduya, Carmona, Cavite	76,577	April 30, 2023
22	Cavite-Gen. Trias	129 Governor's Drive, Manggahan, General Trias, Cavite	68,861	February 27, 2024
23	Cavite-Imus Bayan	GF, J. Antonio Building 1167 Gen. Aguinaldo Highway, Bayan Luma 7, Imus, Cavite	152,369	November 10, 2026
24	Cavite-Imus-Aguinaldo	Sayoc Abella Building, E. Aguinaldo Hi-way, Imus, Cavite	110,809	August 31, 2025
25	Cavite-Kawit-Centennial Road	G/F, Robertson Plaza, Centennial Road, Brgy. Tabon 1, Kawit, Cavite	69,616	November 30, 2024
26	Cavite-Naic	P. Poblete Street, Ibayo Silangan, Naic, Cavite	91,126	January 5, 2027
27	Cavite-Rosario-CEPZ	General Trias Drive, Rosario, Cavite	28,700	February 12, 2042
28	Cavite-Silang-Lucuhin	GF, LS-52 Premier Plaza, 7180 E. Aguinaldo Highway, Brgy. Lucuhin, Silang, Cavite	51,000	June 15, 2025

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
29	Cavite-Tanza	G/F, Annie's Plaza Building, A. Soriano Highway, Daang Amaya, Tanza, Cavite	75,848	October 15, 2025
30	Dasmariñas-Aguinaldo Hi-Way	G/F, LCVI Building, Aguinaldo Hi-Way, Zone IV, Dasmariñas, Cavite City	145,000	December 20, 2025
31	Dasmariñas-Salitran	Michael's Building, Aguinaldo Highway, Salitran, Dasmariñas City, Cavite	73,000	October 24, 2025
32	Laguna-Biñan	Ammar Commercial Center, Nepa National Highway, Barangay Sto. Domingo, Biñan, Laguna	76,500	March 31, 2023
33	Laguna-Cabuyao-ABI	Asia Brewery Complex, National Hi-way, Barangay Sala, Cabuyao, Laguna	51,967	March 31, 2026
34	Laguna-Cabuyao-Centro Mall	Unit 124, Centro Mall, Barangay Pulo, Cabuyao, Laguna	68,763	June 21, 2025
35	Laguna-Calamba Crossing	G/F, Unit Building, J. Alcasid Business Center, Crossing Calamba City, Laguna	113,626	March 14, 2026
36	Laguna-Calamba-Bucal	G/F, Prime Unit 103 Carolina Center Building, corner Ipil-ipil Street, Barangay Bucal, Calamba, Laguna	84,078	November 30, 2023
37	Laguna-Calamba-Parian	G/F, Sta. Cecilia Business Center II, Barangay Parian, Calamba City, Laguna	43,501	October 15, 2026
38	Laguna-Paseo de Santa Rosa	Blk. 5 Lot 3B, Sta. Rosa Estate 2-A, Balibago, Tagaytay Road, Barangay Sto. Domingo, Sta. Rosa City, Laguna	164,250	May 14, 2026
39	Laguna-San Pablo City Colago	Mary Grace Building, Colago Avenue corner Quezon Avenue, San Pablo City, Laguna	63,319	November 30, 2026
40	Laguna-San Pedro-Nat'l. Hi-Way	KM. 31, National Highway, Barangay Nueva, San Pedro, Laguna	79,008	February 28, 2023
41	Laguna-Siniloan	G. Redor Street, Siniloan, Laguna	89,205	January 17, 2026
42	Laguna-Southwoods	Unit A-28, G/F, Southwoods Mall, Barangay San Francisco, Biñan, Laguna	292,164	September 1, 2027
43	Laguna-Sta. Cruz-Regidor	37 A. Regidor Street, Sta. Cruz, Laguna	104,186	February 21, 2024
44	Laguna-Sta. Rosa	Old National Hi-way, Balibago, Sta Rosa City, Laguna	121,151	June 9, 2026
45	Laguna-UPLB	Andres Aglibut Avenue, UPLB Batong Malake, Los Baños, Laguna	68,865	Month-to-Month
46	Legazpi City-Albay Capitol	ANST Building II, Rizal Street, Barangay 14, Albay District, Legaspi City, Albay	80,905	April 30, 2024
47	Legazpi City-Imperial	35 F. Imperial Street, Legaspi City, Albay	160,714	May 31, 2023
48	Lipa City-Ayala Highway	High 5 Square Building, Ayala Highway, Mataas na Lupa, Lipa City, Batangas	91,066	June 5, 2027
49	Lucena City-Enriquez	Enriquez corner Enverga Streets, Poblacion, Lucena City, Quezon	112,000	August 5, 2027
50	Lucena City-Red V	Maharlika Highway, Red V, Brgy. Ibabang Dupay, Lucena City, Quezon Province	69,500	February 28, 2025
51	Marinduque-Boac	Governor Damian Reyes Street, Barangay Murallon, Boac, Marinduque	34,821	July 31, 2024

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52	Marinduque-Sta. Cruz	G/F, RMR Building, Quezon Street, Barangay Maharlika, Santa Cruz, Marinduque	62,000	July 31, 2025
53	Naga City-Magsaysay Ave.	G/F, G Square Building, Magsaysay Avenue corner Catmon II Street, Balatas, Naga City, Camarines Sur	86,366	April 14, 2024
54	Naga City-Panganiban	DECA Corporate Center, Panganiban Drive, Barangay Tinago, Naga City, Camarines Sur	87,516	March 12, 2023
55	Or. Mindoro-Pinamalayan	G/F, San Agustin Building, Mabini Street, Zone IV, Pinamalayan, Oriental Mindoro	56,131	September 30, 2025
56	Or. Mindoro-Puerto Galera	Muelle St., Puerto Galera, Oriental Mindoro	110,000	April 10, 2026
57	Quezon-Atimonan	Our Lady of the Angels Parish Compund, Quezon Street, Atimonan, Quezon	80,000	July 15, 2025
58	Quezon-Gumaca	Andres Bonifacio Street, Barangay San Diego Poblacion, Gumaca, Quezon	97,978	November 29, 2025
59	Quezon-Infanta	Mabini cor. Burgos Sts., Poblacion 38, Infanta, Quezon Province	41,650	August 31, 2025
60	Quezon-Lucban	Concepcion Street, Barangay San Luis, Lucban, Quezon Province	75,000	January 31, 2023
61	Quezon-Pagbilao	G/F, APT Bldg., Maharlika Highway cor. Alvarez St., Brgy. Del Carmen, Pagbilao, Quezon Province	90,758	July 31, 2027
62	Romblon-Republika	Republika Street, Barangay 1, Romblon, Romblon	21,495	October 11, 2024
63	Sorsogon City-Magsaysay	Doña Nening Building, Magsaysay Street Sorsogon City	108,527	December 15, 2023
64	Sorsogon-Bulan	Zone 4, Tomas de Castro Street, Bulan, Sorsogon	46,000	July 5, 2027
65	Tagaytay-Mendez	Vistamart Building, Gen. E. Aguinaldo Highway, Mendez Crossing West, Tagaytay City	100,000	November 29, 2024
Visayas				
1	Aklan-Caticlan	Edsa Building, National Road, Caticlan, Malay, Aklan	104,186	September 30, 2025
2	Bacolod-East-Burgos	G/F, Besca Properties Building, Burgos Extension, Bacolod City, Negros Occidental	68,857	October 2, 2024
3	Bacolod-Hilado	Hilado corner L.N. Agustin Streets, Bacolod City, Negros Occidental	63,038	February 19, 2027
4	Bacolod-Lacson	10th Lacson Street, Bacolod City, Negros Occidental	100,000	October 12, 2065
5	Bacolod-Libertad	Penghong Building, Poinsetia Street, Libertad Extension, Bacolod City, Negros Occidental	54,698	November 3, 2026

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
6	Bacolod-Negros Cyber Centre	Negros First Cyber Centre Building, Lacson corner Hernaez Streets, Bacolod City, Negros Occidental	58,000	June 30, 2023
7	Bohol-Panglao Island	G/F, Cherry's Home Too Building, Hontanosas Road, Barangay Tawala, Panglao Island, Bohol	104,000	January 31, 2029
8	Bohol-Talibon	UG 5, Talibon Commercial Center 1, Poblacion, Talibon, Bohol	38,393	December 19, 2024
9	Bohol-Ubay	G/F, LM Commercial Building, National Hi-way corner Tan Pentong Street, Poblacion, Ubay, Bohol	93,031	June 10, 2026
10	Cebu Business Park	Unit F, Upper G/F, FLB Corporate Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City	139,783	September 30, 2025
11	Cebu I.T. Park	G/F, TGU Tower, Cebu IT Park, Salinas Drive corner J.M del Mar Street, Apas, Cebu City	233,000	December 15, 2022
12	Cebu Uptown	G/F, Visayas Community Medical Center Mixed Use Building, Osmeña Boulevard, Cebu City	127,543	February 28, 2025
13	Cebu-Banawa	One Pavilion Mall, R. Duterte Street, Banawa, Cebu City	131,900	October 7, 2025
14	Cebu-Banilad-Fortuna	AS Fortuna Street, Banilad, Mandaue City, Cebu	75,045	March 31, 2027
15	Cebu-Banilad-Ma. Luisa Park	Gov. M. Cuenco Avenue corner Paseo Saturnino Street, Banilad, Cebu City	117,315	February 5, 2025
16	Cebu-Bantayan	J.P. Rizal Street, Ticad, Bantayan, Cebu City	53,340	June 21, 2025
17	Cebu-Bogo	Corner R. Fernan & San Vicente Streets, Bogo City, Cebu	39,759	April 16, 2026
18	Cebu-Carbon	41-43 Plaridel Street, Ermita, Cebu City	P93,767.63 31,255.87	October 31, 2024
19	Cebu-Carcar	Jose Rizal Street, Poblacion 1, Carcar City, Cebu	72,749	February 21, 2026
20	Cebu-Colon	G/F, J. Avila Building, Collonnade Mall, Colon Street, Cebu City	163,242	December 31, 2024
21	Cebu-Consolacion	Consolacion Government Center Extension, Poblacion, Oriental, Consolacion, Cebu City	66,000	August 2, 2025
22	Cebu-Escario	G/F, Capitol Square, N. Escario Street, Cebu City	78,750	August 27, 2025
23	Cebu-Fuente Osmeña	BF Paray Building, Osmeña Boulevard, Cebu city	140,187	May 31, 2023
24	Cebu-Lapu-Lapu Market	Mangubat corner Rizal Streets, Lapu-lapu City, Cebu	25,640	December 31, 2023
25	Cebu-Lapu-Lapu-Maribago	Unit B, JTO Building, ML Quezon National Highway, Looc, Maribago, Lapu-Lapu City, Mactan, Cebu	117,707	July 5, 2026
26	Cebu-Lapu-Lapu-Pusok	M. L. Quezon National Highway, Pusok, Lapu-Lapu City, Cebu	31,599	February 28, 2026
27	Cebu-Liloan	Units 11-12, G/F, Gaisano Grand Liloan, Barangay Poblacion, Liloan, Cebu	56,250	February 28, 2026

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28	Cebu-Mabolo	G/F, GPH Central, F. Cabahug corner President Roxas Sts., Brgy. Kasambagan, Mabolo, Cebu City, Cebu	193,595	January 31, 2023
29	Cebu-Mambaling	GF, Supermetro Mambaling, F. Llamas Street, corner Cebu South Road, Basak, San Nicolas, Cebu City	68,000	October 31, 2026
30	Cebu-Mandaue Centro	G/F, Gaisano Grand Mall, Mandaue Centro, A. Del Rosario Street, Mandaue City, Cebu	153,655	February 28, 2027
31	Cebu-Mandaue-A. Cortes	A. C. Cortes Avenue, Ibabaw, Mandaue City, Cebu	66,000	February 28, 2026
32	Cebu-Mandaue-Casuntingan	G/F, American Water Technologies Building, M. L. Quezon Avenue, Casuntingan, Mandaue City, Cebu	55,357	December 31, 2023
33	Cebu-Mandaue-Lopez Jaena	J. D. Building, Lopez Jaena Street, Highway, Tipolo, Mandaue City, Cebu	124,330	April 14, 2025
34	Cebu-Mandaue-North Road	Unit 101A, Ground Floor, Insular Square, Northroad Basak, Mandaue City, Cebu	83,638	February 28, 2023
35	Cebu-Mandaue-Subangdaku	National Highway, Subangdaku, Mandaue City	66,009	August 15, 2026
36	Cebu-MEPZ	1st Avenue, MEPZ 1, Ibo, Lapu-lapu City, Cebu	12,034	Month-to-Month
37	Cebu-Minglanilla	Ward 4, Poblacion, Minglanilla, Cebu	81,939	October 14, 2027
38	Cebu-Moalboal	G/F, Stalls MBL-GFS 7-9, Gaisano Grand Mall, Poblacion East, Moalboal, Cebu	54,000	April 30, 2025
39	Cebu-Tabunok Nat'l. Hi-Way	G/F, Paul Sy Building, National Highway, Tabunok, Talisay City, Cebu	80,454	January 16, 2026
40	Cebu-Tabunok-Talisay	G/F, Viva Lumber Building, Tabunok, Talisay City, Cebu	84,051	April 30, 2025
41	Cebu-Talamban	Banilad Road, Gov. M. Cuenco Ave., Brgy. Talamban, Cebu City	101,376	July 31, 2025
42	Dumaguete City-South Road	Manhattan Suites, South Road, Calindagan, Dumaguete City, Negros Oriental	95,976	October 14, 2027
43	Eastern Samar-Guiuan	Guimbaolibot Ave., Lactason St., Brgy. 4, Guiuan, Eastern Samar	50,400	November 30, 2024
44	Iloilo-Aldeguer	Saint Catherine Arcade, Aldeguer Street, Iloilo City	80,000	November 15, 2026
45	Iloilo-Diversion Road	G/F, Unicom Building, Senator Benigno Aquino Avenue (Diversion Road), Barangay San Rafael, Mandurriao, Iloilo City	66,000	October 31, 2024
46	Iloilo-Gen. Luna	G/F, Go Sam Building, Gen. Luna Street, Iloilo City	82,770	December 17, 2026
47	Iloilo-Jaro	#8 Lopez Jaena Street, Jaro, Iloilo City	85,693	May 2, 2026
48	Iloilo-Jaro Hechanova	P.T. Española Building, Gran Plains Subdivision, Barangay M.V. Hechanova, Tabuk Suba, Jaro, Iloilo City	57,294	August 29, 2026
49	Iloilo-La Paz	G/F, Inayan Building, Rizal Street, La Paz, Iloilo City	58,036	December 31, 2023

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
50	Iloilo-Miag-ao	One TGN Building, corner Noble & Santo Tomas Streets, Miag-ao, Iloilo	41,580	May 14, 2023
51	Iloilo-Sta. Barbara	Liz Complex, Bangga Dama, Barangay Bolong Oeste, Santa Barbara, Iloilo	74,699	October 31, 2023
52	Leyte-Baybay City-VSU	G/F, Technology Business Incubation Center Building, Visayas State University, Barangay Pangasugan, Baybay City, Leyte	7,000	August 2, 2028
53	Leyte-Ormoc City-Cogon	G/F, Gabas Building, Lilia Avenue, Barangay Cogon, Ormoc City, Leyte	60,608	October 14, 2027
54	Leyte-Palompon	G/F, Municipal Building, Rizal Street, Palompon, Leyte	28,000	May 16, 2028
55	Negros Occ.-La Carlota City	Corner La Paz & Rizal Streets, Barangay I, La Carlota City, Negros Occidental	48,210	May 31, 2026
56	Negros Or.-Bais City	Rosa Dy-Teves Building, Quezon Street, Bais City, Negros Oriental	53,571	November 30, 2026
57	Negros Or.-Guihulngan	New Guihulngan Public Market, S. Villegas Street, Guihulngan, Negros	25,000	February 8, 2026
58	Palawan-Coron	45 Don Pedro St., Brgy. 2, Coron, Palawan	59,322	March 31, 2024
59	Palawan-Puerto Princesa-San Pedro	Unit no. 115, G/F, SJD Center, National Highway, Brgy. San Pedro, Puerto Princesa City, Palawan	120,000	July 31, 2030
60	Southern Leyte-Hinunangan	Corner National Highway and Washington Street, Barangay Salog, Hinunangan, Southern Leyte	Rent Free - 1st 18 months P7,500.00 - start on the 19th month	August 19, 2043
61	Southern Leyte-Sogod	Osmeña Street, Zone 2 , Sogod, Southern Leyte	50,415	November 30, 2025
62	Tacloban City-Rizal Ave.	G/F, Washington Building, Rizal Avenue, Tacloban City, Leyte	115,748	October 22, 2026
63	Tagbilaran-Alturas Mall	G/F, Stall 10, Alturas Mall, C.P. Garcia Avenue, M.H. del Pilar & B. Inting Streets, Tagbilaran City, Bohol	82,644	February 21, 2026
64	Tagbilaran-Island City Mall	Upper Ground Floor 33-34, Island City Mall, Dampas District, Tagbilaran City, Bohol	73,270	July 31, 2026
Mindanao				
1	Agusan Del Sur-Bayugan City	Mendoza Square, Narra Avenue, Poblacion, Bayugan City, Agusan del Sur	52,674	August 31, 2024
2	Bukidnon-Maramag	J. Tan, Building, Sayre Highway, North Poblacion, Maramag, Bukidnon	61,000	September 30, 2026
3	Butuan City-J.C. Aquino	J.C. Aquino Avenue, Butuan City, Agusan del Norte	75,701	May 31, 2023
4	CDO-Carmen	REGO Building, 296 Agoho Drive, Carmen, Cagayan de Oro City, Misamis Oriental	71,429	July 1, 2025

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NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
5	CDO-Lapasan Highway	G/F, RMT Building, Lapasan Highway, Cagayan de Oro City, Misamis Oriental	112,740	January 17, 2027
6	CDO-Tin-Ao	National Highway, TIN-AO, Agusan, Cagayan De Oro City, Misamis Oriental	58,036	February 22, 2026
7	Davao - Samal Island	Purok 1, Sitio Pantalan, Barangay Miranda, Babak District, Island Garden City of Samal, Davao del Norte	50,106	July 31, 2023
8	Davao Del Norte-Panabo	G/F, Gaisano Grand Mall of Panabo, Quezon Street, Barangay Sto. Niño, Panabo City, Davao Del Norte	66,145	November 30, 2026
9	Davao Del Norte-Tagum-Apokon	GL 04-06, Gaisano Grand Arcade, Apokon Road corner Lapu-Lapu Extension, Barangay Visayan Village, Tagum City, Davao del Norte	45,000	August 16, 2022
10	Davao-Agdao	G/F, Chavez Building, Lapu-Lapu Street, Agdao, Davao City	100,000	November 30, 2024
11	Davao-Ateneo	G/F, Community Center, Ateneo de Davao University, Jacinto Street, Davao City	61,800	October 31, 2025
12	Davao-Bangoy	G/F, Roman Paula Building, C. Bangoy Street, Davao City	75,893	July 20, 2024
13	Davao-Cabaguio Ave.	G/F, HPC Building, Cabaguio Avenue, Barangay, Governor Paciano, Bangoy, Davao City	52,488	August 4, 2026
14	Davao-Calinan	LTH Building, Davao-Bukidnon Highway, Calinan, Davao City	55,600	November 30, 2027
15	Davao-Diversion Road	D3G Y10 Building, Davao Diversion Road, Carlos P. Garcia Hi-way, Buhangin, Davao City	60,613	July 14, 2024
16	Davao-Gaisano Cabantian	G/F, Units 22-24, Gaisano Grand CityGate Mall, Cabantian corner Tiggato Road, Buhangin, Davao City	84,000	October 31, 2028
17	Davao-J.P. Laurel Ave.	Upper Ground Floor, Units 1A & 1B, Robinsons Cybergate Delta, J.P. Laurel Avenue, Bajada, Davao City	132,996	December 1, 2022
18	Davao-Lanang	KM. 7, Lanang, Davao City	50,000	June 25, 2026
19	Davao-Ma-a	Valrey Bldg., 879 Ma-a Road, District 1, Brgy. Ma-a, Davao City, Davao del Sur	90,758	April 21, 2027
20	Davao-Magsaysay-Lizada	R. Magsaysay Avenue corner Lizada Street, Davao City	157,201	May 9, 2028
21	Davao-Matina-GSIS	G/F, HIJ Building, MacArthur Highway, Barangay Matina, Davao City	62,305	May 1, 2023
22	Davao-Monteverde Chinatown	42 T.Monteverde corner S. Bangoy Streets, Davao City	129,789	March 31, 2025
23	Davao-Monteverde-Sales	G/F, Mintrade Building, Monteverde Street corner Sales Street, Davao City	168,000	April 1, 2027
24	Davao-Obrero	G/F, JJ's Commune Building, Loyola Street, Barangay Obrero, Davao City	64,000	July 1, 2025
25	Davao-Sasa	G/F, Carmart Building, Km 8, Sasa, Davao City	53,004	November 14, 2023

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26	Davao-Sta. Ana	G/F, Bonifacio Tan Building, Rosemary corner Bangoy Streets, Santa Ana Dist., Davao City	63,113	April 30, 2023
27	Davao-Toril	G/F, Anecita G. Uy Building, Saavedra Street, Toril, Davao City	86,167	June 2, 2027
28	Davao-Victoria Plaza	G/F, Victoria Plaza Mall, J.P. Laurel Ave. Bajada, Davao City	88,864	June 30, 2022
29	General Santos-KCC Mall	Unit 018, Lower G/F, KCC Mall of Gensan, Jose Catolico Sr. Avenue, General Santos City, South Cotabato	291,660	May 31, 2026
30	General Santos-P. Acharon	Pedro Acharon Boulevard, General Santos City, South Cotabato	32,320	June 30, 2027
31	General Santos-Santiago	G/F, RD Realty Development Building, Santiago Boulevard, General Santos City, South Cotabato	67,005	February 28, 2023
32	Iligan City-Pala-o	G/F, Iligan Day Inn Building, Benito S. Ong Street, Pala-O, Iligan City, Lanao del Norte	53,125	September 5, 2023
33	Malaybalay City-Rizal	G/F, Flores Building, corner Rizal & Tabios Streets, Barangay 5, Malaybalay City, Bukidnon	83,738	December 31, 2027
34	Marawi City-MSU Campus	Dimaporo Gymnasium, MSU-Main Campus, Barangay Rapasun/Sikap, Marawi City, Lanao del Sur	25,000	January 23, 2039
35	Ozamis City-Burgos	Gomez corner Burgos Streets, 50th Barangay, Ozamis City, Misamis Occidental	70,000	September 30, 2023
36	Siargao Island-Dapa	G/F, Dapa Commercial Center, Juan Luna Street, Barangay 7 Poblacion, Dapa, Siargao Island, Surigao del Norte	14,000	May 20, 2028
37	Sultan Kudarat-Isulan	Senator Ninoy Aquino Avenue, Barangay Kalawag III, Isulan, Sultan Kudarat	50,000	October 2, 2023
38	Valencia City-Mabini	G/F, Tamaylang Building, Mabini Street, Poblacion, Valencia City, Bukidnon	30,000	February 28, 2026
39	Zamboanga Del Norte-Liloy	G/F, Venus Uy Building, Liloy-Labason Road, Baybay, Liloy, Zamboanga del Norte	40,000	April 30, 2024
40	Zamboanga Del Norte-Sindangan	Corner Rizal & Bonifacio Streets, Poblacion, Sindangan, Zamboanga del Norte	98,908	August 12, 2027
41	Zamboanga-Canelar	G/F, Blue Shark Hotel, Mayor Jaldon Street, Canelar, Zamboanga City, Zamboanga del Sur	79,227	September 1, 2027
42	Zamboanga-Climaco	G/F, JNB Building, Buenavista Street, Zamboanga City, Zamboanga del Sur	117,990	June 24, 2027
43	Zamboanga-KCC Mall	Upper Ground Floor, KCC Mall de Zamboanga, Governor Camins Street, Barangay Camino Nuevo, Zamboanga City, Zamboanga del Sur	229,350	November 21, 2025

PHILIPPINE NATIONAL BANK
LIST OF BRANCHES (INCLUDING HEAD OFFICE) UNDER LEASE
AS OF DECEMBER 31, 2022

NO.	BRANCH NAME	ADDRESSES	MONTHLY RENTAL	EXPIRY DATE
44	Zamboanga-MCLL Highway	G/F, Auroma Building, MCLL Highway, Guiwan District, Zamboanga City, Zamboanga del Sur	60,000	September 24, 2027
45	Zamboanga-San Jose	San Jose, Zamboanga City, Zamboanga del Sur	35,000	April 21, 2029
46	Zamboanga-Tetuan	G/F, AL Gonzalez & Sons Building, Veterans Avenue, Zamboanga City, Zamboanga del Sur	119,033	May 15, 2027
47	Zamboanga-Veterans Avenue	G/F, Zamboanga Doctors' Hospital, Annex Building, Veterans Avenue, Zamboanga City, Zamboanga del Sur	112,000	May 16, 2027

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine National Bank and Subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and have issued our report thereon dated March 13, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Vicky Lee-Salas
Partner

CPA Certificate No. 86838

Tax Identification No. 129-434-735

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 86838-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-053-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9564639, January 3, 2023, Makati City

March 13, 2023



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHDEULES
DECEMBER 31, 2022

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PART I
Schedule A

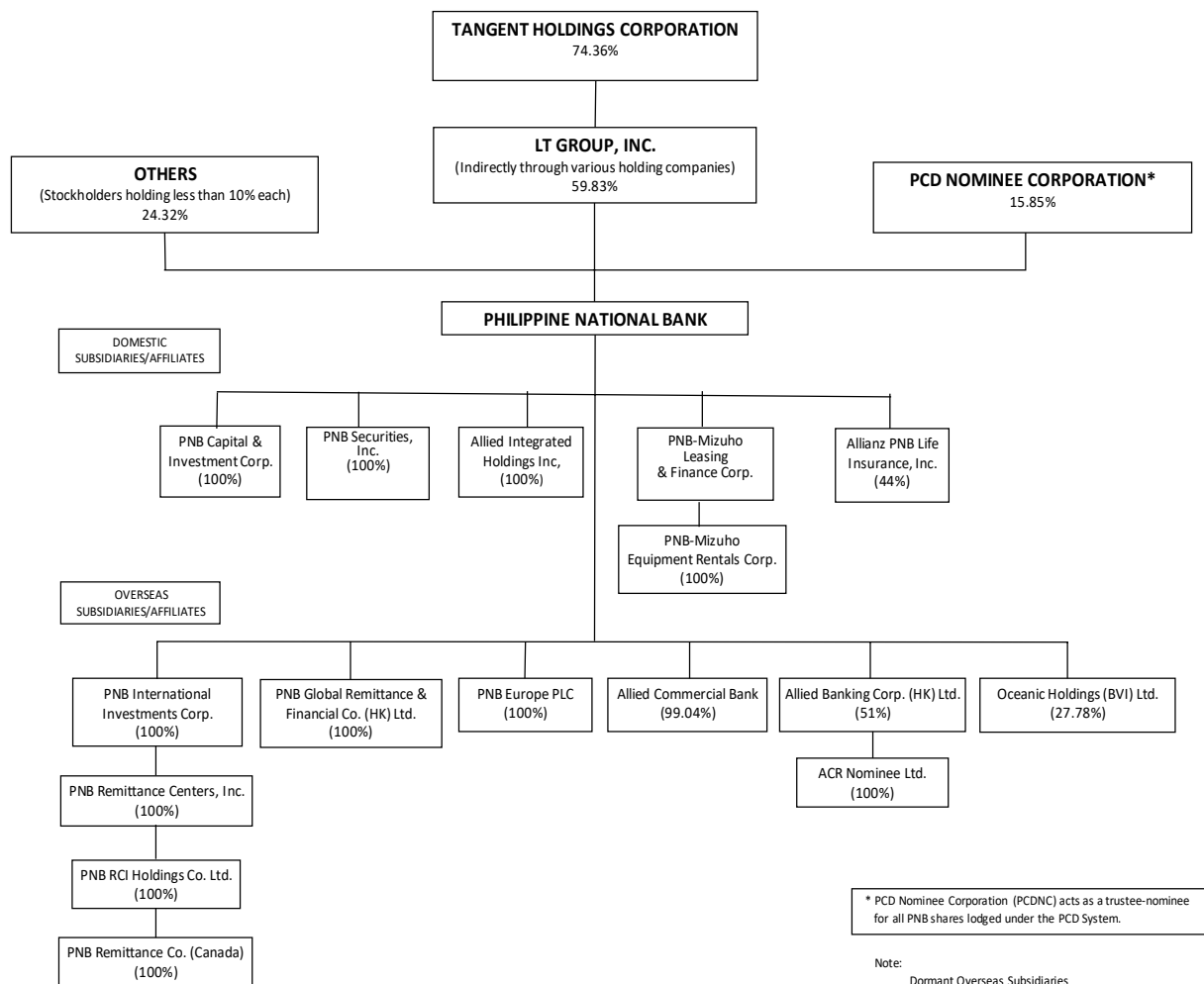
PHILIPPINE NATIONAL BANK (PARENT COMPANY)
AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2022

(In thousands)

Retained Earnings, January 1, 2022, as unadjusted		₱62,169,393
Adjustments <i>(see adjustments in previous years reconciliation)</i>		
Appraisal increment closed to capital on quasi-reorganization	(7,691,808)	
Translation adjustment applied to deficit on quasi-reorganization	(1,315,685)	
Accumulated equity in net earnings applied to deficit on quasi-reorganization	(563,048)	
Gain on loss of control of a subsidiary	(17,051,702)	
Gain on remeasurement of retained interest	(16,383,008)	
Deferred tax assets	(8,024,940)	
Fair value adjustment on foreclosed properties - net gain	(3,672,172)	
Equity in net income of subsidiaries/associate	(2,915,281)	
Gain on remeasurement from investment in associate	(1,644,339)	
Unrealized foreign exchange gain	(1,361,833)	
Unrealized gain on fair value through profit or loss	(10,124)	
		(60,633,940)
Retained Earnings, as adjusted, beginning		1,535,453
Net Income per audited financial statements	11,532,318	
Less: Non-actual/unrealized income/expenses		
Gain on foreclosure on investment properties for the period	(1,391,360)	
Provision for deferred income tax	(247,054)	
Equity in net income of subsidiaries/associate	178,205	
Unrealized gains on fair value through profit or loss	3,044	
Unrealized foreign exchange gains-net	2,005	
Sub-total	(1,455,160)	
Net Income actually incurred during the year		10,077,158
Add: Reduction in surplus reserves		218,198
Total Retained Earnings, End Available for Dividend,		
December 31, 2022		₱11,830,809

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2022



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2022

Financial Assets at Fair Value through Profit or Loss
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Fixed Rate Treasury Notes	—	₱926,551	₱899,631	₱58,914
Republic of the Philippines (ROP) Bonds	—	905,738	819,971	21,437
Retail Treasury Bonds	—	156,652	156,811	109,958
Treasury Bills	—	2,523,235	2,495,258	—
US Treasury Notes	—	—	—	1,232
	—	4,512,176	4,371,671	191,541
Private debt securities				
Ayala Land Inc	—	12,550	12,544	743
Del Monte	—	—	—	2,715
Petron	688,635	688,635	698,964	47,306
San Miguel Global Power Holdings Corp	—	274,850	267,693	17,515
SM Prime Holdings Inc.	—	501,950	484,984	24,431
Vista Land & Lifestyle	—	148,000	146,496	8,435
	688,635	1,625,985	1,610,681	101,145
Equity securities				
GT Capital Pref Series B	1,000	824	950	—
San Miguel Corp - Pref 2I	25,970	1,909	1,948	—
	26,970	2,733	2,898	—
Derivatives				
Allied Bank Hogkong	—	—	2,123	—
Australia and New Zealand Bank- Manila	—	654,930	37,245	—
Banco de Oro Universal Bank	—	5,943,095	121,181	—
Bank of Commerce	—	84,285	379	—
Bank of the Philippine Islands	—	4,123,430	136,188	—
Chemtrust Global Market Inc	—	183	25	—
China Banking Corporation	—	1,299,020	36,881	—
Chinatrust Phils Commercial Bank Corp.	—	311,750	28,884	—
Deutsche Bank AG Manila Branch	—	653,690	51,975	—
East West Banking Corporation	—	15,000	9,024	—
Goldman Sachs International	—	514	171	—
Hongkong and Shanghai Banking Corp. Manila	—	2,031,225	100,660	—
Individuals	—	8,090	8,963	—
Insular Oil Corporation	—	1,759,809	54,927	—
Internationale Nederlanden Bank Manila	—	671,710	767	—
Jetti Petroleum Inc	—	563,740	5,502	—
JPMorgan Chase Bank Manila Branch	—	62,000	212,329	—
JPMorgan Chase Bank Singapore Branch	—	4,115	3,425	—
Maybank Philippines Inc.	—	1,120,440	5,225	—
Metropolitan Bank & Trust Company	—	3,323,580	157,333	—
MUFG Bank, Ltd., Manila Branch	—	615,500	2,109	—
Petron Corporation	—	2,817,750	27,341	—
Philippine National Bank- Singapore Branch	—	—	303	—
Republic of the Philippines	—	15,337	—	—
Rizal Commercial Banking Corp.	—	111,760	250	—
Rockfort Realty Corporation	—	128	17	—
Security Bank Corporation	—	1,166,100	83,780	—
Selchem Global Trading, Inc.	—	101	14	—
Simon Industrial Products Trading Corp.	—	101	14	—
Standard Chartered Bank London Branch	—	13,034,030	13,063	—
Standard Chartered Bank Manila Branch	—	3,994,340	152,597	—
UBS AG Zurich	—	53,592,275	63,363	—

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Union Bank of the Philippines		2,342,370	44,119	
University of the Cordilleras Inc	–	617	1,765	–
Wells Fargo Bank N.A.	–	135	9	–
	–	100,321,150	1,361,951	–
<i>Total Financial Assets at Fair Value through Profit or Loss</i>	715,605	₱106,462,044	₱7,347,201	₱292,686

Financial Assets at Fair Value through Other Comprehensive Income
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Bangko Sentral ng Pilipinas	—	P43,000,000	P42,937,302	P—
China National Offshore Oil Corp LTD	—	557,550	553,736	11,081
Development Bank Of The Phils.	—	—	—	—
Fixed Rate Treasury Notes	—	23,372,921	22,301,561	767,455
Kingdom of Saudi Arabia	—	1,505,385	1,480,018	23,781
Power Sector	—	1,282,365	1,329,979	15,420
Republic of Indonesia	—	899,629	891,625	8,883
Republic of the Philippines (ROP) Bonds	—	4,346,169	4,114,445	115,388
Retail Treasury Bonds	—	44,991,000	42,653,950	1,146,264
Small Business Loan asset backed securities	—	55,476	1,365	(1,427)
Treasury Bills	—	23,000	21,474	1,590,676
Treasury Bills - SGD	—	330,473	328,373	4,732
Treasury Gilts	—	154,303	289,666	1,557
US Government	—	278,775	271,642	1,707
US Treasury Notes	—	774,995	764,646	3,406
	—	121,572,041	117,939,783	3,688,923
Private debt securities				
Aboitiz Power Corp	—	562,300	541,612	29,665
AC Energy Finance International Limited	—	2,952,228	2,257,893	99,030
Arthaland Corporation	—	252,500	251,524	465
Ayala Land Inc	—	474,530	470,720	31,724
Banco De Oro	—	613,026	609,293	7,353
Bank of the Philippine Island	—	164,477	159,681	1,949
Development Bank of the Philippines	—	—	—	—
Energy Development Corp	—	9,640	9,626	494
Export-Import Bank of Korea	—	613,305	590,610	2,897
First Pacific Company Limited	—	—	—	—
FPC Resources	—	—	—	28,038
FPC Treasury Limited	—	966,903	911,714	2,069
Hutchison Whampoa Limited	—	987,421	964,462	11,483
International Container Terminal Services Inc.	—	4,844,663	4,813,198	146,794
Korea Devt Bank	—	—	—	—
Megaworld Corp	—	860,000	851,687	46,040
Metropolitan Bank & Trust Co.	—	—	—	52,500
Petron Corporation	—	2,502,229	2,111,639	130,490
Phoenix Petroleum	—	—	—	—
Rizal commercial Banking Corp	—	395,861	384,196	8,846
San Miguel Corp	—	94,900	92,399	131,819
Sinopec Corp	—	193,470	186,043	5,716
SM Investments Corp	—	164,477	160,235	8,626
SM Prime Holdings	—	15,000	14,540	705
South Luzon Tollway Corp	—	—	—	3,216
State Bank of India	—	—	—	817
STI Education	—	50,000	49,798	2,904
Union Bank	—	—	—	283
	—	16,716,930	15,430,870	753,923
Equity securities				
Allied Banker Insurance	200,000	20,000	20,000	—
Alphaland Balesin Island Resort Corp.	1	2,500	2,500	—
Apo Golf & Country Club	1	100	315	—
Asia Pacific Trust & Development	—	1,500	—	—
Bacnotan Steel Industries	3,345,000	—	—	—
Baguio City Country Club	1	60	6,000	—
Baguio Gold Mining (Now:PAL Holdings)	8,452,500	99	99	—
Bancnet, Inc.	49,999	5,000	5,000	—
BAP Credit Guaranty Corp.	29,800	2,980	1,138	—
Bayantel	8,244	8	—	—
Bayantel 31% Tranche B.	83,997	14,851	—	—
Camp John Hay	1	650	200	—

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Camp John Hay Golf Club	2	160	400	—
Capitol Hills Golf and Country Club, Inc.	10	29	400	—
Cebu Country Club, Inc.	1	29	13,000	—
Club Filipino	2	26	600	—
Cruz Tel Co.	30	3	—	—
Development Academy Of the Philippines	1,500	1,500	—	—
Eagle Ridge Golf & Country Club	30	3,450	6,000	—
Eastridge Golf Course & Village (A)	2	1,800	800	—
Evercrest Golf	2	500	—	—
Evercrest Golf Club-A	2	1,000	1,000	—
Fairways & Bluewater Resort	294	359,695	71,230	—
Fastech Synergy	1,337,807	8,518	—	—
Fil-Am Resources	2,500,000	27	—	—
Forest Hills Golf And Country Club	1	170	170	—
Heavenly Garden Dev't Corp.	5,000	500	500	—
Iligan Golf & Coutry Club	1	1	—	—
Iloilo Golf & Country Club	1	88	14	—
Inco Mining	46,875	2	—	—
Infanta Minerals	1,000,000	10	—	—
Investment in Management Account	—	—	48,575	—
Lepanto Consolidated Mining Co."A"	4,973	1	1	—
Lepanto Consolidated Mining Co."B"	1,776	—	—	—
LGU Guarantee Corp.	100,000	10,000	2	—
Luisita Golf & Country Club	1	840	350	—
Makati Sports Club-A	1	30	800	—
Manila Electric Cooperative	8,884	89	1	—
Manila Golf & Country Club Inc-Corporate	2	412	210,000	—
Manila Polo Club	1	2,600	30,000	—
Manila Southwoods Golf & Country Club A	1	850	3,000	—
Manila Southwoods Golf & Country Club B	1	1,500	3,200	—
Marikudo Country Club of Iloilo City	1	18	—	—
Mimosa Golf & Country Club	1	827	400	—
Mount Malarayat Golf & Country Club	15	35,380	12,000	—
Mount Malarayat Golf Club C	1	2,750	800	—
Mount Malarayat I	1	1,512	800	—
Negros Occidental Golf & Country Club	5	100	150	—
Northern Tel Co.	1,800	18	—	—
Orchard Golf & Country Club	2	3,250	3,000	—
PA Alvarez Perpetual Notes	—	386,250	388,883	—
PAL Holdings Inc.	4,494,947	53,040	26,519	—
Palicpican Beach and Sport Club	2	170	170	—
Paper Ind.Corp. of the Phils.	13,525	19	—	—
Philex Mining Corporation	151	—	1	—
Philippine Central Depository & Trust Corp.	31,690	3,169	6,431	—
Philippine Central Depository Inc.	28,291	3,669	5,741	—
Philippine Airlines, Inc.	19,855,803	—	19,856	—
Philippine Central Depository Inc.	175	23	36	—
Philippine Clearing House Corporation	42,000	4,200	2,101	—
Philippine Columbian Association	1	8	90	—
Philippine Overseas Drilling & Oil Dev't	695,625	69	7	—
Philippine Racing Club	30,331,103	142,582	158,025	—
Philippine Telegraph & Telephone Corporation	5,000,000	—	—	—
Phillippine Dealing System	73,000	7,300	14,813	—
Phillippine Dealing System Holding Corp.	97,436	7,300	19,772	—
Phillippine Electric Corporation	202,440	95	—	—
Phillippine Oil Development Co., Inc.	500,000	13	—	—
Philppine Long Distance Company	2,801	44	1	—
Philppine Long Distance Company	108,375	1,084	—	—
PICOP Resources Inc.	19,008,000	798	—	—
PLDT Communications & Energy Ventures Inc. (Piltel)	650	10	—	—
PNB Holding Corporation	2,551,000	377,876	23,198,643	—
Primo Oleo Chemicals	6,638,151	66,382	66,382	—

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Proton Chemical Industries Common Shares	44,419	—	—	—
Pueblo De Oro Golf Country Club	2	1,411	718	—
Puerto Azul Sports & Beach Club	2	170	700	—
Quezon City Sports Club	1	32	800	—
Republic Telephone Company	6,052	5	—	—
Riviera Golf & Country Club	2	2,627	1,120	—
Rural Bank of Ibaday	340	11	16	—
Santa Elena Golf & Country Club	1	852	8,500	—
Santa Elena Golf Club-A	2	3,100	17,000	—
Sierra Grande Country Club, Inc.	100	32	32	—
Southern Iloilo Telephone Co.	20	2	—	—
Subic Bay Golf & Country Club	1	950	—	—
Subic Bay Yatch Club	58	93,000	14,500	—
SWIFT - ABC	8	—	—	—
SWIFT Shareholders-PNB	9	—	—	—
Tagaytay Highlands	1	500	1,500	—
Tagaytay Midlands	1	500	1,500	—
Tayud Golf & Country Club	1	6	—	—
Universal Rightfield Prop. Inc.	2,883,000	69	—	—
Valle Verde Country Club, Inc.	1	13	450	—
Valley Golf & Country Club	4	106	10,000	—
Victoria Golf & Country Club	1	110	120	—
Wack Wack Golf & Country Club	4	4,794	232,000	—
Wack Wack Golf & Country Club (PNB Savings)	3	48,137	174,000	—
Western Minolco Corp.	11,382,000	17	—	—
	121,169,769	1,695,978	24,812,872	—
Total Financial Assets at Fair Value through Comprehensive Income	121,169,769	₱139,984,949	₱158,183,525	₱4,442,846

Investment Securities at Amortized Cost
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Bangko Sentral ng Pilipinas	—	₱223,020	₱269,834	₱9,373
China National Offshore Oil Corp Ltd.	—	390,285	388,118	11,239
Federal Reserve	—	5,865	5,863	—
Fixed Rate Treasury Notes	—	26,999,117	27,818,244	1,012,701
Home Guaranty Corp	—	—	—	22
Kingdom of Saudi Arabia	—	373,559	374,765	2,828
Landbank of the Phils	—	158,512	152,019	(14,422)
Power Sector Assets & Liabilities Management Corporation	—	1,073,841	1,212,618	25,924
Republic of Indonesia	—	3,355,537	3,392,695	153,383
Republic of the Philippines (ROP) Bonds	—	8,867,140	9,113,673	178,484
Retail Treasury Bonds	—	27,622,915	28,012,834	849,742
Treasury Bills	—	—	—	430
US Government	—	7,248,150	7,187,537	79,216
US Treasury Notes	25,000	139,388	139,282	1,589
	25,000	76,457,329	78,067,482	2,310,509
Private debt securities				
AC Energy Finance International Limited	—	669,060	668,693	30,732
Agricultural Bank of China LTD HK	—	—	—	23,963
AT&T Inc.	—	—	—	7,533
Ayala Land Inc	—	641,900	641,541	38,255
Banco de Oro	—	4,325,584	4,324,503	117,043
Bank of China	—	8,251,739	8,146,298	154,796
Bank of the Philippine Island	—	1,131,827	1,158,465	9,247
China Constuction Bank	—	—	—	1,253
Cyberzone Properties Inc	—	803,680	803,654	—
Export- Import Bank of Korea	—	501,795	502,932	12,485
Filinvest Development Cayman Islands	—	1,951,425	1,942,325	80,731
Filinvest Land Inc	—	100	100	54,022
First Pacific Company Treasury Limited	—	—	—	22,618
First Pacific Company Capital Ltd	—	493,432	491,569	—
Global Steel (NSC)	—	3,676,245	—	—
Hutchison Whampao	—	—	—	855
ICICI Bank Limited	—	—	—	18,985
Industrial & Commercial Bank of China Limited Sydney	—	—	—	424
International Container Terminal Services Inc.	—	165,592	165,698	6,285
Jollibee Foods Corporation	—	5,508,593	5,491,301	210,003
Korea Devt Bank	—	223,020	227,206	7,057
Pilipinas Hino Incorporated	—	6,988	—	—
Rizal Commercial Banking Corp	—	1,808,581	1,808,788	69,852
Security Bank Corporation Comm	—	164,366	165,619	5,544
Sinopec Corp	—	574,277	587,766	20,416
SM Prime Holdings	—	300,000	299,951	15,505
Union Bank	—	—	—	88,964
Vista land and Lifescapes	—	5,000,000	4,974,069	405,000
	—	36,198,204	32,400,478	1,401,568
Total Investment Securities at Amortized Cost	25,000	₱112,655,533	₱110,467,960	₱3,712,077

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022

(In thousand pesos)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2021)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2022)	Due Within One Year	Due Beyond One Year
Absolut Distillers, Inc.	₱280,000	₱280,000	(₱560,000)	₱–	₱–	₱–	₱–
Activasia Inc.		122,074	(90,273)	–	31,801	30,000	1,801
Alcazar, Raul Cartel	853	–	(180)	–	673		673
Asia Brewery (Xiamen) Ltd.	528,148	–	(528,148)	–	–	–	–
BNP Paribas of Tokyo – PAL Deal	550,452	–	(23,569)	–	526,883	–	526,883
Build Erect Corporation	114,900	–	(1,300)	–	113,600	113,600	–
Dobles, Christian Jerome Ordonez	3,239	–	(689)	–	2,550	–	2,550
Eton Properties (Xiamen) Ltd.	515,090	–	(515,090)	–	–	–	–
Eton Properties Philippines, Inc.	2,020,500	–	(831,090)	–	1,189,410	1,189,410	–
Federal Land, Inc.	5,000,000	–	(5,000,000)	–	–	–	–
Foremost Farm	94,750	–	(7,000)	–	87,750	–	87,750
Full Circle Craft Distillers Co., Inc.	13,000	13,000	(13,000)	–	13,000	13,000	–
Golden Investment TMK	13,105,946	–	(1,397,394)	–	11,708,550	–	11,708,550
Horizon Land Property Development.	–	2,000,000	–	–	2,000,000	–	2,000,000
Lisbona, Manuel Antonio Grageda	2,028	4,379	(3,731)	–	2,676	1,200	1,476
Lufthansa Technick Philippines, Inc.	200,354	–	(156,546)	–	43,808	43,808	–
Macroasia Airport Services Corporation	240,518	–	(63,652)	–	176,866	–	176,866
Macroasia SATS Food Industries Corp.	539,921	100,000	(212,646)	–	427,275	50,000	377,275
Majent Management Development Corporation	–	1,048	(125)	–	923	–	923
Major Win Enterprises Limited	926,764	–	(926,764)	–	–	–	–
Maranaw Hotels and Resort Corporation	21,750	–	(12,429)	–	9,321	9,321	–
Metro Pacific Investments Corporation	15,963,750	–	(161,500)	–	15,802,250	–	15,802,250
NAIC Water Supply Corporation	–	300,000	(50,000)	–	250,000	50,000	200,000
Next Century Building System	–	9,666	(9,666)	–	–	–	–

Ng, David Go	—	63,100	(30,150)	—	32,950	29,100	3,850
Philippine Airlines, Inc.	5,802,463	5,972,562	(11,775,025)	—	—	—	—
Phoenix Aviation Leasing Limited	5,239,369	—	(184,325)	—	5,055,044	—	5,055,044
Prima Aircraft Leasing Limited	1,514,510	—	(71,037)	—	1,443,473	—	1,443,473
Rapid Movers and Forwarders Co., Inc.	—	41,539	(4,691)	—	36,848	3,068	33,780
Seventy 7 Seeds, Inc.	80,053	—	(16,511)	—	63,542	—	63,542
Summatrade International Corporation	564	—	(353)	—	211	211	—
Tan, Roberto Ong	6,000	—	(6,000)	—	—	—	—
Tanduary Distillers, Inc.	615,000	—	(615,000)	—	—	—	—
Tangent Holdings Corporation	3,990,911	—	(3,990,911)	—	—	—	—
Toyota Financial Services Phil.	—	3,050,000	(1,200,000)	—	1,850,000	1,000,000	850,000
The Table Group, Inc.	205,437	—	(7,313)	—	198,124	125,000	73,124
Uy, Danilo Alvarez	4,000	3,000	(4,000)	—	3,000	3,000	—
Victorias Milling Company Inc.	159	59,851	(53,513)	—	6,497	6,497	—
Key Management Personnel	3,492	—	(714)	—	2,778	—	2,778
	₱57,583,921	₱12,020,219	(₱28,524,335)	₱—	₱41,079,803	₱2,667,215	₱38,412,588

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022

(In thousand pesos)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2021)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2022)	Due Within One Year	Due Beyond One Year
PNB Global Remittance and Financial Company (HK) Limited	₱98,084	₱107,302	(₱205,386)	—	—	—	—
PNB-Mizuho Equipment Rentals Corporation	237,000	280,000	(357,000)	—	160,000	160,000	—
PNB-Mizuho Leasing and Finance Corporation	1,136,169	1,293,000	(1,484,169)	—	945,000	945,000	—
	₱1,471,253	₱1,680,302	(₱2,046,)	₱—	₱1,105,000	₱	₱—

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE D – LONG TERM DEBT
DECEMBER 31, 2022

(In thousand pesos)

Type of Issue and Type of Obligation	Amount Authorized by Indenture	Due Within One Year	Due Beyond One Year	Interest Rates	Maturity Date
Long Term Negotiable Certificates of Deposits					
Issued October 11, 2019	₱4,600,000	₱—	₱4,584,136	4.38%	April 11, 2025
Issued February 27, 2019	8,220,000	—	8,187,193	5.75%	August 27, 2024
Issued October 26, 2017	6,350,000	6,347,683	—	3.88%	April 26, 2023
	19,170,000	6,347,683	12,771,329		
Bills Payable					
Various	7,702,325	4,589,128	3,113,197	Various	Various
Bonds Payable					
<i>Fixed rate medium term senior notes</i>					
Issued June 27, 2019	USD750,000	—	41,722,415	3.28%	September 27, 2024
Issued April 26, 2018	300,000	16,716,682	—	4.25%	April 27, 2023
	USD1,050,000	16,716,682	41,722,415		
		₱27,653,493	₱57,606,941		

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2022

Name of Related Parties	Balance at Beginning of Period	Balance at Ending of Period	Nature, Terms and Conditions
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None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of Guarante
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None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2022

(Absolute number of shares)

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,750,000,001	1,525,764,850	–	–	15,463,813	–

PART III

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022 AND 2021

Ratios	Formula	2022	2021
Liquidity Ratios			
a. Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	64.68%	65.09%
b. Liquid assets ratio	$\frac{\text{Liquid assets}^{1/}}{\text{Liquid liabilities}^{2/}}$	35.63%	38.22%
c. Net loans to total deposits	$\frac{\text{Net loans}^{3/}}{\text{Total deposits}}$	66.36%	66.33%
Solvency Ratio			
a. Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	5.74	6.39
Asset-to-Equity Ratio			
a. Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	6.74	7.39
Interest Rate Coverage Ratio			
a. Times interest earned ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	3.1x	5.9x
Profitability Ratios			
a. Return on assets	$\frac{\text{Net income}}{\text{Average total assets}^{4/}}$	0.99%	2.62%
b. Return on equity	$\frac{\text{Net income}}{\text{Average total equity}^{5/}}$	7.00%	19.98%
Capital Adequacy Ratios			
a. Tier 1 capital ratio	$\frac{\text{Tier 1 capital}}{\text{Total risk-weighted assets}}$	14.58%	12.96%
b. Capital adequacy ratio	$\frac{\text{Total qualifying capital}}{\text{Total risk-weighted assets}}$	15.38%	13.66%

Ratios	Formula	2022	2021
Other Ratios			
a. Net interest margin	$\frac{\text{Net interest income}}{\text{Average interest-earning assets}}$	3.61%	3.27%
b. Efficiency ratio	$\frac{\text{Total operating expenses}}{\text{Total operating income}}$	54.47%	59.82%
c. Loan coverage ratio	$\frac{\text{Total loan loss provisions}^{6/}}{\text{Total loans}^{7/}}$	6.35%	6.39%
d. Nonperforming loans coverage ratio	$\frac{\text{Total loan loss provisions}^{6/}}{\text{Total nonperforming loans}}$	88.52%	59.08%

^{1/} Composed of cash and other cash items, due from Bangko Sentral ng Pilipinas, due from other banks, interbank loans receivable, securities held under agreements to resell, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income, net of applicable allowance for credit losses, that are due within one year

^{2/} Composed of financial liabilities that are due within one year

^{3/} 'Net loans' caption refers to receivables from customers, net of allowance for credit losses and unearned interest and discount

^{4/} Computed as the average of the beginning and ending balances of total assets

^{5/} Computed as the average of the beginning and ending balances of total equity

^{6/} Total of allowance for credit losses on loans (contra-asset account against receivables from customers) and the reserves appropriated in equity representing the excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011

^{7/} "Gross loans" caption refers to receivable from customers, gross of allowance for credit losses and unearned interest and discount

2022 PNB Sustainability Report

OUR SUSTAINABILITY PERFORMANCE AT A GLANCE

Economic and Governance	
SDG 1: No Poverty SDG 2: Zero Hunger	<ul style="list-style-type: none"> P62.1Bn or 12.3% of total loan portfolio supports agricultural production, food manufacturing, wholesale/retail food selling, and food-related activities
SDG 3 : Good Health and Well-being	<ul style="list-style-type: none"> PhP1.28Bn or 0.3% of the total loan portfolio support medical facilities and programs
SDG5: Gender Equality	<ul style="list-style-type: none"> 59.13%% of employees at management level are female 26% Board Members and Board Advisors are female
SDG 6: Clean Water and Sanitation	<ul style="list-style-type: none"> PhP4.6Bn or 0.9% of the total loan portfolio support water collection and supply, and wastewater treatment and disposal
SDG 7: Affordable and Clean Energy	<ul style="list-style-type: none"> P73.4Bn or 14.5% of total loan portfolio support power transmission, generation and distribution (of which <i>Clean Energy is P4.1B or 0.8% of the total loan portfolio</i>)
SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> PhP 19,676 Mn direct economic value generated PhP 9,763 Mn spent in employee wages and benefits
SDG 9: Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> PhP128.7Bn or 25.5% of total loan portfolio support operation of toll roads and bridges, telecommunications, logistics, and construction companies and construction-related activities.
SDG 11: Sustainable Cities and Communities	<ul style="list-style-type: none"> PhP19.6 Bn or 3.9% of the total loan portfolio support green buildings, transportation, and LGUs.
SDG 12: Responsible Consumption	<ul style="list-style-type: none"> 1,399 accredited vendors / suppliers and third-party service providers
SDG16: Peace, Justice and Strong Institution	<ul style="list-style-type: none"> Received Four Golden Arrows at the 2022 ACGS Golden Arrow Awards
Environment	
SDG 6: Clean Water and Sanitation	<ul style="list-style-type: none"> 103.62 megalitres of total water consumed 153.11 megalitres total of water withdrawn
SDG 7: Affordable and Clean Energy	<ul style="list-style-type: none"> 20,471,843.39 KWH of energy consumed
SDG 11: Sustainable Cities and Communities	<ul style="list-style-type: none"> 3,946.26 metric tons of non-hazardous wastes generated by domestic and overseas offices and branches
SDG 12: Responsible Consumption	<ul style="list-style-type: none"> 183.60 tons of paper used / consumed
SDG 13: Climate Action	<ul style="list-style-type: none"> 20,383.37 tCO₃ of GHG emissions by PNB domestic and overseas branches and offices
Customers	
SDG9: Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> 651 domestic branches nationwide and 71 overseas branches and offices in 17 jurisdictions 1,575 ATMs, 174 CAMs, and 8,367 POS Terminals 25,341 enrolled users and 6,504 new enrollments in the PNB Cashnet mobile app

SDG 12: Responsible Consumption	<ul style="list-style-type: none"> • 100% compliance with the marketing and labeling guidelines of the Bank. • No incidents of non-compliance with regulations and / or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.
Employees	
SDG 3: Good Health and Well-being	<ul style="list-style-type: none"> • 100% of employees covered by the OHS management system • 16,204,320 safe manhours of employees • No reported incidents of work-related injuries, fatalities, or death
SDG 4: Quality Education	<ul style="list-style-type: none"> • 8,283 employees underwent 404,506.00 total of training hours • Total average of training hours per employee is 48.83
SDG 5: Gender Equality	<ul style="list-style-type: none"> • 66% of employees are female • No incidence of reported complaints related to discrimination based on gender
SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> • 8,318 full-time employees • 100% of employees receive regular performance and career development review • 1,041 employees promoted
Society	
SDG 3: Good Health and Well-being	<ul style="list-style-type: none"> • 124 emergency runs conducted and 95 individuals needing medical attention were serviced in Misamis Oriental and Bohol through the (2) ambulance donations of PNB to Philippine Red Cross
SDG 4: Quality Education	<ul style="list-style-type: none"> • 30 decommissioned desktop computers and one laptop donated to Dr. Pablito V. Mendoza Senior HS in Bustos, Bulacan • 14,593 participants attended 207 Financial Literacy / Wellness sessions
SDG15: Life on Land	<ul style="list-style-type: none"> • 833 seedlings of falcata tree (<i>paraserianthes falcataria</i>) were planted by the Philnabankers in Brgy Mamuyao, Tanay, Rizal • 1,150 forest- and fruit-bearing tree seedlings / saplings in the backyards and communities of Philnabankers through the PNB CommuniTree Program

OUR SUSTAINABILITY JOURNEY CONTINUES: AN INTRODUCTION

Two years into our Three-Year Sustainability Transition Plan, we remain committed to improve the way we do our business and how we operate in communities where we have presence.

Our goal is to ensure that our Bank will grow and become sustainable so we can continue to provide the best financial solutions to our customers across borders and generations. We also want to be able to contribute significantly to the economy, society, and the environment through our business and operations. As such, we continued to improve our products and services, promote good governance, strengthen our risk management system, integrate sustainability principles into various aspects of our operations, and comply with regulatory requirements.

The year 2022 was marked by significant milestones for our Bank. We updated the charters of several board and management committees to align with BSP Circulars 1085 and 1128 on the roles and responsibilities of the Board and the Management; revisited our material sustainability

topics for relevance with the participation of our internal and external stakeholders through an online survey; revised the Terms of Reference (TOR) and expanded the membership of our Sustainability Technical Working Group (TWG) and SteerCom, and embarked on the development of our own Environmental and Social Risk Management System (ESRMS).

Aside from continuing to adopt a hybrid work arrangement for our employees to help them adapt to the “new normal” after the pandemic, we also built our succession planning program and rolled out a mentoring program for our employees to ensure the continuity of business. We also renewed our membership with the Philippine Business Council for Women Empowerment (PBCWE) to help us deliver our commitment to integrate gender equality and inclusion criteria in various areas of operations.

Moreover, we aligned with the Tan Yan Kee Foundation, Inc. (TYKFI), the CSR arm of the Lucio Tan Group of Companies, for our corporate social responsibility activities and initiatives.

We ended the year with recognitions for promoting workplace gender equality and inclusion, practicing good governance, and implementing sustainability-related initiatives.

For the second time, we were awarded by a joint program of the European Union and the UN Women as *Runner-Up for Transparency and Reporting* in the UN Women 2022 Philippines Women’s Empowerment Principles (WEPs) Awards on October 20, 2022. Our Bank was cited for our commitment to transparency and reporting that reflects gender data and indicators.

We were also cited as one of the recipients of the ASEAN Asset Class Award during the 2021 ASEAN Corporate Governance Scorecard (ACGS) Regional Virtual Awards held on December 1, 2022. Also, we received the 4 golden arrow recognition from the Institute of Corporate Directors (ICD) during the ACGS Golden Arrow Awards Night held on January 20, 2023 for our best corporate governance practices.

In addition, we were honored by Asia Corporate Excellence and Sustainability Awards (ACES) as one of “Asia’s Most Influential Companies” last November 18, 2022 for showing genuine interest in the well-being of our stakeholders through corporate social responsibility initiatives that are integrated into our policies and operations, with a high level of employee and top management involvement in our community engagement, environment, and social empowerment programs.

We will continue to work towards building and improving our sustainability framework even after the completion of our Three-Year Sustainability Transition Plan which will be in 2023.

Our aspiration is to make sustainability “business as usual” or BAU for our Bank—to help improve the quality of life of our stakeholders, protect the planet, and ensure that by 2030, PNB would have made a significant contribution to building a sustainable world.

UPDATES ON INTEGRATING SUSTAINABILITY PRINCIPLES IN OUR BUSINESS AND OPERATIONS

Our sustainability journey continued as we entered the second year of implementing our Three-Year Sustainability Transition. Below are the salient activities and initiatives conducted by the Bank in 2022:

1. The Risk Oversight Committee (ROC) and Management Risk Committee (MRC) Charters were updated to include monitoring of sustainability risks. In addition, the Enterprise Risk Management Framework (ERMF) was also reviewed and updated to include, among others, the Bank's sustainability policy as part of the coverage. The updated ERMF was approved by the Board during its December 2022 meeting.
2. We revised the charter of the Bank's Corporate Governance and Sustainability (CorGov) Committee to include sustainability clauses and provisions to align with the requirements of BSP Circulars 1085, 1128, and 1149.
3. General provisions on sustainability financing were included in the charters of the Senior Management Credit Committee, Institutional Banking Sector Credit Committee, Metro Manila Commercial Credit Committee, and Provincial Commercial Credit Committee (with approval from the PNB Chief Credit Officer) in August 2022 to align with the provisions of BSP Circulars 1085 and 1128.
4. Sustainability clauses have been incorporated in the Enterprise Outsourcing and Vendor Risk Management Policy last August 16, 2022. Sustainability risk assessment is included in the Bank's vendor due diligence and periodic oversight exercises. Vendor compliance to ESG is now considered in all vendor assessment activities – from onboarding to annual review to service renewal.
5. The copy of the Bank's sustainability policy was shared with existing and prospective vendors.
6. We conducted ESG portfolio reviews on 1,727 loan accounts, and established baseline data for limit-setting for Medium to High E&S risk accounts and target-setting for green and eligible goals. We continue to review and update our industry limits to incorporate projections of the various lending units.
7. We continued to implement the use of our ESG screening checklists and forms as part of enhanced due diligence for high and medium E&S risk corporate banking accounts, publicly listed companies, project finance accounts, and commercial banking borrowers. The ESG Scorecard and questionnaires were again updated / enhanced in August 2022.
8. Our Institutional Banking Sector (IBS) developed and launched the Green Ribbon Awards to incentivize Relationship Managers. The objective of this recognition program is to promote and encourage the build-up and booking of pipeline loans that are green and social eligible to promote Sustainable Financing in compliance with BSP Circulars 1085 and 1128.
9. We continued to automate our Bank forms, shift our customers to e-SOA, and migrate our existing customers to the Bank's digital channels. To simplify our processes, we also rolled out the use of Adobe Sign to automate capture of e-signatures through workflow process, and we plan to develop an online platform where housing and auto loan applications are uploaded, processed, and evaluated for approval.
10. We continued to support and service our ESG investors by offering Green Bonds and other investment tools in close coordination with PNB Capital, Inc. such as CITICORE ENERGY REIT Corp. Initial Public Offering Common Shares, Arthaland Corporation Fixed-Rate ASEAN Green Bonds, and CITICORE Energy REIT (CREIT) 5Y-Fixed-Rate ASEAN Green Bonds. We also partnered with PNB Capital to secure Green Bond and company offerings booked through the Philippine Dealing System's Electronic Securities Issue Portal (e-SIP).
11. We continued to offer the PNB US Equity Sustainability Leaders Feeder Fund, a UITF tool which allows our Filipino clients to invest in US companies with superior environmental, social, and governance (ESG) characteristics through its target fund, the Legg Mason ClearBridge US Equity Sustainability Leaders Fund, and participated in the BDO ASEAN Sustainability Bonds, RCBC ASEAN Sustainability Bonds, ACEN Green Bonds, and

ALCO ASEAN Green Bonds via Investment Management Account (IMA) and Trust arrangements in 2022.

12. We updated the Terms of Reference of the Bank's Sustainability Technical Working Group (TWG) and SteerCom to align with the requirements of BSP Circulars 1085, 1128, and 1149. Revisions on the TOR include the change in the Chairmanship of the SteerCom, the creation of the Vice Chairman role, and expansion of the membership to cover business and support units in both the TWG and SteerCom.
13. We revisited and updated our material sustainability topics by conducting a materiality assessment exercise.
14. We engaged the assistance of Tan Yan Kee Foundation, Inc., the CSR arm of the Lucio Tan Group of Companies, and its Subject Matter Experts from the academe to help develop the PNB Environmental and Social Risk Management System (ESRMS) and meet the April 2023 deadline of the BSP.

OUR SUSTAINABILITY POLICY

GRI 2-23, 2-24

What Sustainability Means for Us

- Ensuring that our employees are provided with the right competencies and learning opportunities as well as equal access to programs that can enhance productivity, leading to self-sufficiency and a better quality of life;
- Ensuring the longevity of our business by maintaining profitability, attracting and retaining the right talent, providing relevant financial solutions, managing our tangible and intangible resources, and upholding a culture of continuous improvement;
- Developing sustainable products and services, and financing businesses and activities that provide positive contribution to the environment and the society;
- Ensuring that our business and operations comply with all applicable laws, rules, and regulations; and aligned with local and international best practices and standards;
- Ensuring that we consider and integrate social inclusion and gender equality factors in how we do our business and operate in our communities;
- Promoting the well-being of our stakeholders by keeping a healthy ecosystem of employees, outsourced personnel, third-party service providers, suppliers / vendors, customers, shareholders, regulators, and external communities.

Our Sustainability Policy Statement

Philippine National Bank (PNB) is a private Filipino, universal bank with global presence committed to provide relevant financial solutions to customers anywhere in the world. It is committed to generate value through a strategy focused on safe and sustainable growth.

The capacity of the Bank to grow and sustain business is contingent upon the quality of its human capital, the condition of its physical resources, the viability of its businesses, and the Bank's relationship with its customers, employees, shareholders, regulators, suppliers / vendors, outsourced personnel, third-party service providers, and external communities.

The Bank believes that Sustainability starts from within by respecting human rights, cultivating an inclusive and collaborative work culture, and helping all employees - regardless of gender and

background - gain equal access to relevant training and opportunities to develop skills and capabilities needed to succeed and improve their well-being. Through this Policy, the Bank commits to educate and engage its employees, leading them to align with PNB's thrust on Sustainability. The Bank aims for its employees to embrace sustainability principles not only at work but also in their own personal lives.

Our corporate governance framework supports this sustainability commitment which earned the Bank recognitions from the Institute of Corporate Directors (ICD) and the Securities and Exchange Commission (SEC) for good governance practices and initiatives.

Recognizing the Bank's essential role in helping shape the environment and the social landscape, we believe that our Bank's Sustainability footprint should also extend to our products and services as well as to supporting the businesses and activities of our customers. As such, the Bank commits to support projects and activities that will contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs).

The Bank will not support or involve itself in any business or activity that is illegal, and which might cause harm, directly or indirectly, to people and the environment.

On the other hand, the Bank will subject to enhanced due diligence and close monitoring high-risk businesses and activities that are considered to have harmful effects or negative impact on the society and the environment. The Bank will continue to support these businesses or activities provided they have the necessary government approvals and permits, have passed the ESG screening of the Bank, and have submitted their mitigation action plans to address environmental and social risks.

In addition, the Bank expects its customers, vendors / suppliers, and third-party service providers to improve their business practices by identifying and managing their own environmental and social risks and impacts, adopting good industry standards and practices, and contributing positively to the environment and the society. The Bank commits to educate its customers, vendors / suppliers, and third-party service providers on PNB's Sustainability Policy.

To promote social inclusion and gender equality, the Bank will support and make available socially-inclusive and gender-sensitive financial solutions. The Bank will do this by integrating social inclusion and gender lens in financing businesses; financing or refinancing projects that aim to improve social inclusion and gender equality; and by supporting CSR initiatives and activities that promote and improve social inclusion and gender equality.

Our economic, social, and environmental responsibility includes complying with all legal requirements. This Policy applies to all activities of PNB, including events, sponsorships, and engagements that the Bank supports. The Bank's employees, outsourced personnel, vendors / suppliers, and third-party service providers shall uphold the principles under this policy to the fullest extent possible within prevailing budgets. Employees are encouraged to inform the Bank's management about potential barriers that might hinder the growth of the organization's people and its business.

Our Sustainability Pillars

- **Economic**
 - Revenue growth, profitability, and business continuity of the Bank.

- Engagement in Sustainable Financing Transactions which will finance or refinance projects and expenditures that have positive environmental and social impact and likewise support the Bank's growth objectives.
- Financial wellness and long-term value for customers, employees, and shareholders.
- **Environmental**
 - Efficient use and management of resources.
 - Reduced environmental footprint of the Bank, our employees, customers, outsourced personnel, vendors / suppliers, and third-party service providers.
 - Support for business and activities with positive impact to the environment.
 - Support for customers to manage their environmental risks and impacts.
- **Social**
 - Succession planning through capability building, leadership development, and strategic talent acquisition.
 - Enhanced productivity, self-sufficiency, and quality of life for our employees by providing the right competencies and access to learning opportunities and wellness programs.
 - Development of an empowering and inclusive culture where our employees, customers, and stakeholders are treated fairly and given equal opportunities.
 - Support for businesses, projects, or activities that promote and improve social inclusion and gender equality among internal and external stakeholders.
 - Positive contribution to communities through employee volunteerism and other initiatives imbuing responsible corporate citizenship.
 - Financial inclusion for communities through sustainable products and services.
- **Governance**
 - Compliance with all applicable laws, rules, and regulations that govern our business.
 - Alignment with local and international best practices and standards such as, but not limited to, FATF International Standards on anti-money laundering and combating the financing of terrorism, UN Sustainable Development Goals, and UN Global Compact.
 - Transparency and accountability in all areas of our operations.
 - An effective Environmental and Social Risk Management System (ESRMS) across all business functions and operations of the Bank.

Our Sustainability Commitment to our Stakeholders

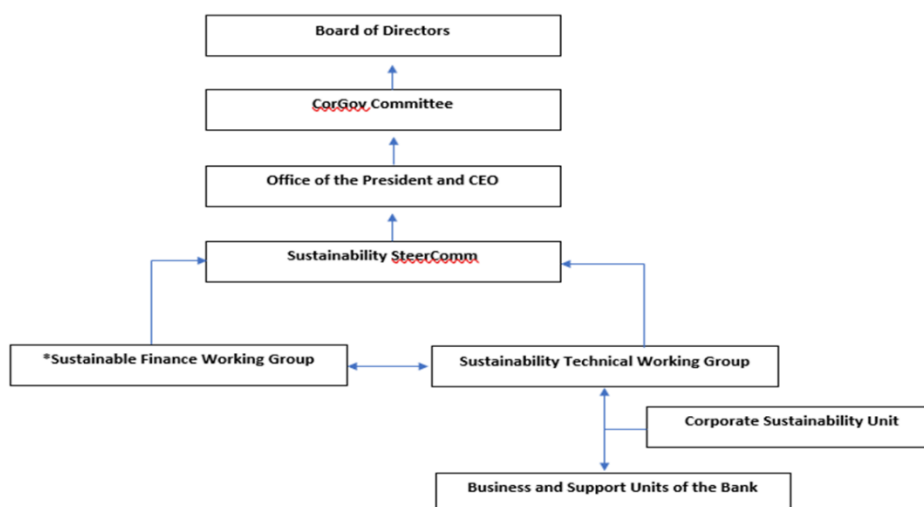
- For our **employees**, we will:
 - Provide a safe, respectful, and collaborative work environment that cultivates personal and professional growth.
 - Educate them on our Sustainability Policy and encourage and inspire them to contribute positively to their respective communities.
 - Provide them access to various skills development and learning programs relevant to their existing functions and target roles for enhanced productivity.
 - Provide equal opportunities for candidates to be hired without biases, based on their skills and competencies.

- Provide equal opportunities for employees to be promoted based on performance, potentials, and aspirations, regardless of gender and background.
- Eliminate biases, whether conscious or unconscious, towards certain groups or individuals and ensure that decisions are rendered objectively and fairly.
- Promote diversity, inclusion, and gender equality in the employment experience and in the workplace.
- For our **customers and communities**, we will:
 - Ensure the continuity of our business through strategic succession planning.
 - Support businesses and initiatives that foster and enable economic and inclusive growth, environmental protection, social development, and nation-building.
 - Raise awareness on sustainability and the Bank's sustainability thrusts through various information dissemination channels.
 - Promote financial wellness and create value through tailor-fit and sustainable products and services.
 - Provide or make available social inclusion and gender-sensitive financial solutions, as well as support initiatives and activities that promote and improve social inclusion and gender equality.
- For our **shareholders and regulators**, we will:
 - Adhere to all applicable laws, rules, and regulations governing our scope of business and areas of operations.
 - Align with international best practices and standards such as, but not limited to the FATF International Standards on anti-money laundering and combating the financing of terrorism, UN Sustainable Development Goals, and UN Global Compact.
 - Be transparent and accountable in all areas of our operations.
 - Integrate sustainability principles in our enterprise risk management system.
 - Report the progress and milestones of our Sustainability initiatives to the Board of Directors at least quarterly.
 - Review and, if necessary, update the PNB Sustainability Policy annually.
- For our **vendors / suppliers, outsourced personnel, and third-party service providers**, we will:
 - Educate and ensure adherence to the Bank's sustainability policy and standards.
- For our **environment**, we will:
 - Reduce the environmental impact of our operations through efficient use and management of natural and man-made resources.
 - Adapt eco-friendly technologies.
 - Support businesses and projects that are compliant with environmental laws and regulations and contribute to the protection and conservation of the environment through sustainable financing and strategic partnerships.
 - Partner with our employees, customers, vendors / suppliers, and third-party service providers to push forward the sustainability agenda.

ALIGNING WITH SUSTAINABILITY GLOBAL STANDARDS AND BEST PRACTICES SDG17

At PNB, we are committed to improve the way we conduct our business and operate in our communities by aligning with the local and global standards and best practices such as the FATF International Standards on anti-money laundering and combating the financing of terrorism, the ASEAN Corporate Governance Scorecard (ACGS), United Nations' Sustainable Development Goals (UN SDGs), and UN Women Empowerment Principles (WEPs) to name a few.

OUR SUSTAINABILITY LEADERSHIP STRUCTURE¹ GRI 2-9, 212, 2-13, 2-24



The Bank's Chairperson and President are our staunch Sustainability champions and drivers. They are at the forefront of the Bank's Sustainability Leadership Structure.

At the Board level, the Bank's Corporate Governance and Sustainability Committee is tasked to promote sustainability advocacies and exercise corporate governance oversight functions. This committee provides guidance and direction to the Bank's management team on integrating sustainability and ESG principles in our scope of business and areas of operations.

At the Management level, PNB has a Sustainability Steering Committee composed of the heads of the various business and support functions. The Steering Committee meets every month to provide technical assistance, guidance, and direction to the Sustainability Technical Working Group (TWG) in implementing the Bank's sustainability strategy, activities, and initiatives. The committee also reviews and deliberates on all sustainability-related issues that concern the Bank before these are presented and endorsed to the President, the Corporate Governance and Sustainability Committee, and Board of Directors for approval or action.

¹ The Sustainability Finance Working Group or SFWG, a sub-group of the Sustainability TWG of the Bank has not yet been activated in 2022.

The Bank's Sustainability TWG, on the other hand, is composed of the one-downs or assigned representatives from various business and support units. The TWG meets every month to go over sustainability-related issues or concerns of the Bank before presenting or escalating them to the Steering Committee for guidance, notation, or to request recommending approval from the CorGov Committee.

Originally formed in 2020 to put together PNB's Three-Year Sustainability Transition Plan, the Sustainability TWG continues to implement sustainability activities and initiatives, as well as monitors the implementation of the Bank's Three-Year Sustainability Transition Plan and Sustainability Framework. The TWG was also instrumental in the development of the Bank's company-wide Sustainability Policy and Sustainable Finance Framework.

At the helm of the Sustainability TWG is the Corporate Sustainability Unit (CSU) that works closely and in collaboration with the various business and support units of the Bank. Reporting under the Public Affairs Group, the CSU helps the Bank define, develop, and execute PNB's sustainability policy, framework, roadmap, and strategy under the guidance of the Sustainability Steering Committee, the Office of the President, and the Corporate Governance and Sustainability Committee. The Unit serves as the central point of all CSR and employee volunteerism-related activities of the Bank.

The CSU reports to both the Corporate Governance and Sustainability Committee and Board of Directors regularly.

In December 2022, upon the instructions of the CorGov Committee and the Office of the President, the Sustainability TWG and SteerComm Terms of Reference (TOR) were revised to align its leadership, composition, and work to the new guidance contained in BSP Circulars 1085 (Sustainable Finance Framework); 1128 (ESRMS) and 1149 (Guidelines for the Integration of Sustainability Principles in Investment Activities of Banks).

Among the salient revisions on the TOR is the transfer of chairmanship of the SteerCom from the Public Affairs Group Head to the Risk Management Group Head, the creation of the Vice Chairperson position for both SteerCom and TWG, and the expansion of the SteerCom and TWG composition to include businesses and support groups that will participate in sustainability initiatives, particularly in putting together the ESRMS.

TECHNICAL WORKING GROUP	STEERCOM
<p>Chairman: Corporate Sustainability Unit Vice Chairman: Risk Management Group Members:</p> <ol style="list-style-type: none"> 1. Administration Group – Corporate Services Division and Building Facilities Department 2. Credit Management Group 3. Enterprise Information and Cyber Security Group 4. Financial Management Sector - Corporate Planning and Analysis Division 5. Global Compliance Group 6. Global Markets Group 7. Human Resource Group 8. Information Technology Group 9. Internal Audit Group 10. Institutional Banking Sector 	<p>Chairman: Risk Management Group Head Vice Chairman: Credit Management Group Head Members:</p> <ol style="list-style-type: none"> 1. Institutional Banking Sector Head 2. Global Compliance Group Head 3. Retail Banking Sector Head 4. Global Markets Group Head 5. Enterprise Information and Cyber Security Group Head 6. Financial Management Sector Head 7. Public Affairs Group Head 8. Trust Banking Group Head 9. Wealth Management Group Head 10. Information Technology Group Head 11. Retail Lending Group Head 12. Operations Group Head 13. International Banking and Remittance Group Head

11. International Banking and Remittance Group 12. Operations Group 13. Public Affairs Group 14. Retail Banking Sector – Sales and Support Services Division 15. Retail Lending Group 16. Trust Banking Group 17. Wealth Management Group	14. Internal Audit Group Head 15. Administration Group Head 16. Human Resource Group
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OUR REPORT COVERAGE AND PARAMETERS

GRI 2-2, 2-3

This Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and the sustainability reporting guide provided by the Philippine Securities and Exchange Commission (SEC) through Memorandum Circular No. 4, Series of 2019. This report also incorporates the corporates reporting standards and metrics created by the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TFCD).

This report covers our domestic and overseas operations, and reflects our significant financial, social, and environmental contributions from January 1 to December 31, 2022.

ENGAGING OUR STAKEHOLDERS

GRI 2-29

We place importance in our stakeholders' opinions, concerns, and expectations as this helps shape how we do our business and operations. While we aim for growth and stability for both our business and stakeholders, we also aim to contribute positively to the economy, society, and the environment.

In the "new normal", where we adopt a hybrid manner of working, we continue to utilize online platforms such as Microsoft Teams and Zoom, and even social media applications such as Meta (formerly called Facebook), Twitter, Viber, and WhatsApp to communicate with various stakeholders.

We have also started going back to the old ways of connecting with our stakeholders, particularly those who are not tech-savvy or have no access to online communication platforms, through use of phone calls, printed letters sent via postal or courier service, face-to-face meetings, and onsite activities.

The table below shows our mode of engagement with our stakeholders, their key concerns and expectations, as well as the Bank's responses to these:

OUR STAKEHOLDERS	MODE OF ENGAGEMENT	KEY CONCERNS AND EXPECTATIONS	OUR RESPONSE
Employees	<ul style="list-style-type: none"> • Regular video / audio conference calls via Microsoft Teams / Zoom, WhatsApp, Viber • Emails • Hybrid meetings / events / townhalls (combination of face-to-face and virtual meetings) • Surveys via SharePoint, Mentimeter, etc. 	<ul style="list-style-type: none"> • Work-life balance • Competitive compensation and benefits • Safe and secure work environment • Training and development • Support for work-related needs such as transportation to work, flexible work arrangement, etc. • Career progression • Improvement of infrastructure and facilities • Opportunities for volunteerism and community engagement 	<ul style="list-style-type: none"> • Year-round initiatives to promote employee well-being conducted via digital platforms: in-house and external webinars; employee welfare and wellness (medical and mental teleconsultation hotlines, power classes, etc.); employee recognition; and performance appraisal as driven by our Human Resource Group • Regular checking and maintenance of on-site offices / branches and IT infrastructure (i.e., hardware, software, and systems) • On-site / off-site volunteerism or community outreach opportunities for our employees in partnership with Corporate Sustainability Unit, Human Resource Group and other Bank units. • Development and implementation of Diversity and Inclusion Policy, Whistleblower Policy, and Gender and Equality Policy
Customers	<ul style="list-style-type: none"> • Regular virtual / face-to-face meetings with relationship managers and branch personnel • Telephone calls • Website updates • Emails • Social media and messaging applications for updates (i.e., Meta or formerly called Facebook, Messenger, Twitter, 	<ul style="list-style-type: none"> • Products and services that are responsive to financial needs • Fast and efficient customer service • Protection of customer information • Accessibility and convenience of customer touchpoints • Waived fees for certain transactions • Updates and information on the Bank's operating hours, new products and services, promos, etc. 	<ul style="list-style-type: none"> • Branch presence across the country and overseas, offering relevant financial solutions • A reliable 24/7 customer service hotline • Enhanced strategic recruitment efforts to attract a highly professionalized, competent workforce • Clear and timely customer updates or advisories (i.e., schedule of branch

	<p>Instagram, Viber, WhatsApp)</p> <ul style="list-style-type: none"> • Virtual and onsite events 	<ul style="list-style-type: none"> • Competent bank personnel who can answer inquiries, complaints, and concerns 	<p>operations, new product / service, promos, etc.)</p> <ul style="list-style-type: none"> • Waiver of fees for certain Bank services (i.e., InstaPay, PESONet, remittance) in support of government and national regulatory policies • Financial wellness sessions, roundtable discussions, economic briefings
Investors / Shareholders	<ul style="list-style-type: none"> • Letters/ correspondences • Emails, bulletins • Virtual annual stockholders' meeting • Virtual investor briefings • Investor relations programs 	<ul style="list-style-type: none"> • Strong financial performance • Shareholder returns • Corporate governance • Transparency and disclosure • Continued business growth • Updates on new opportunities for financial growth • Sustainability / longevity of the company or business • Compliance with globally accepted financial reporting standards and adoption of best practices 	<ul style="list-style-type: none"> • Corporate governance framework in accordance with global standards and best practices • Strong board and management oversight • Management succession plan • Transparency and accountability • Regular updates / bulletins on the Bank's performance • Financial wellness sessions, roundtable Discussions, Economic Briefings
Regulators	<ul style="list-style-type: none"> • Periodic examinations • Emails / correspondences • Virtual meetings • Webinars 	<ul style="list-style-type: none"> • Conduct of sound business practices and risk management • Sustainability of the company • Compliance to laws, rules, and regulations • Transparency and accountability • Liquidity and capital adequacy to operate as a universal / commercial bank • Timely and accurate submission of financial and regulatory reports 	<ul style="list-style-type: none"> • Timely and accurate submission of regulatory reports • Transparency and accountability • Proactive dialogue • Full compliance / adherence to banking laws, rules and regulations
Vendors / Suppliers and Third-Party Service Providers	<ul style="list-style-type: none"> • Emails / correspondences • Virtual meetings • Phone calls 	<ul style="list-style-type: none"> • Timely and accurate payment of products and services commissioned / secured by the Bank 	<ul style="list-style-type: none"> • Annual review of vendor / supplier performance • Orientation sessions / briefings for vendors / suppliers

		<ul style="list-style-type: none"> • Efficient vendor accreditation process of the Bank • Updates / information on any changes in the procurement / outsourcing policies and processes of the Bank 	<ul style="list-style-type: none"> • Organized biddings, thorough review of documentation, proper awarding and onboarding of winning suppliers / vendors • Timely release of payments • Alignment with the vendors / third-party service providers and concerned PNB Units on the Bank's sustainability thrusts • Creation of a responsible outsourcing / procurement and supply chain policy and practices
Outsourced Personnel	<ul style="list-style-type: none"> • Phone Calls • Person-to-person meetings / huddles 	<ul style="list-style-type: none"> • Safety and security in the workplace • Emergency support (i.e., financial assistance for those whose work were suspended because of the community quarantine) 	<ul style="list-style-type: none"> • Development of a Bank-wide Sustainability Policy which is inclusive of outsourced personnel • Inclusion of the outsourced personnel in the Bank's safety and health awareness program • CSR / employee volunteerism initiatives for the benefit of outsourced personnel
Communities	<ul style="list-style-type: none"> • Virtual / onsite Financial Literacy/Financial Wellness sessions • Virtual / onsite meetings and events / activities (i.e., donation or turnovers, etc.) • Philanthropic contributions • Environmental and sustainability-related projects or initiatives • Partnerships with credible NGOs, foundations, academic institutions, LGUs, or civil society organizations 	<ul style="list-style-type: none"> • Knowledge of basic money management • Projects that support the economic, social, and environmental landscape of the community • Disaster or emergency response 	<ul style="list-style-type: none"> • Networking and coordination for certain CSR or sustainability-related projects and activities • Financial inclusion and financial literacy programs • Partnerships with credible social development organizations, LGUs, academic institutions, and civil society organizations aligned with the CSR and sustainability thrusts of the Bank • Support for charitable and philanthropic causes on education, environment, and social welfare development.

			<ul style="list-style-type: none"> • Support for affected communities where the Bank has presence, especially during times of natural and man-made calamities (i.e., relief operations) with assistance from employees, subsidiaries, and affiliate.
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REVISITING OUR MATERIAL SUSTAINABILITY TOPICS

GRI 3-1, 3-2

In October 2022, PNB conducted its own Material Sustainability Assessment Exercise to identify and determine the importance of material sustainability topics or issues among Bank's internal and external stakeholders.

As part of the exercise, we reviewed relevant reports and documents to help us better understand what was important to our stakeholders. This included the review of customer complaint reports from the Customer Experience Division and Social Media team of the Bank, feedback reports we received from the roundtable discussions and financial wellness sessions conducted, results of the employee engagement survey, media reports, as well as available credit ratings on the Bank, and others. In addition, we also reviewed the GRI Reporting Standard Guidelines, our own Sustainability Reports for the last three years, and the sustainability reports of our industry peers to identify common material sustainability topics.

The desk review of related documents resulted to the identification of 33 material sustainability topics for PNB and its stakeholders. The Bank's internal and external stakeholders were then asked to rank these pre-identified sustainability topics according to their perceived importance in two separate online surveys.

The online surveys were rolled out to the Bank's employees, customers, shareholders, suppliers / vendors, third-party service providers, and community partners (i.e., NGOs, foundations, etc.) from October to November 2023. The results of the online surveys were then reviewed, analyzed, and mapped to show how each sustainability topic ranked in relevance for the Bank and its stakeholders.

Below is the list of material sustainability topics / categories per area in no particular order. These were presented to and noted by the Sustainability TWG, SteerCom, CorGov Committee, and the Board of Directors last December 2022.

Economic and Governance	Environment	Employees	Customers	Society
<ul style="list-style-type: none"> • Good Governance (transparency and accountability, anti-corruption/anti-bribery) • Risk Management • Socio-Economic and Environmental Compliance • Indirect Economic Impact • Economic Performance (Profitability and Responsible Spending) • Responsible Outsourcing and Supply Chain 	<ul style="list-style-type: none"> • Emissions and Climate Change • Efficient Resource Management (water, energy, emissions, waste) 	<ul style="list-style-type: none"> • Safe, Secured and Collaborative Work Environment • Employment (Competitive Compensation, Employee Recognition and Rewards) • Labor / Management Relations • Learning and Development • Gender Equality / Diversity and Inclusion • Market Presence 	<ul style="list-style-type: none"> • Customer Data Privacy and Security • Digital Banking and Innovation • Financial Inclusion and Literacy • Customer Engagement and Satisfaction • Marketing and Labeling 	<ul style="list-style-type: none"> • Responsible Financing and Investing • Community relations and Initiatives • Human Rights / Non-Discrimination

For ease and efficiency of data collection and reporting, we grouped the sustainability topics into similar sustainability categories or themes. The Bank's performance on these material sustainability topics is captured in this report.

We endeavor to revisit and reassess the relevance of these material sustainability topics for the Bank and its stakeholders on a yearly basis.

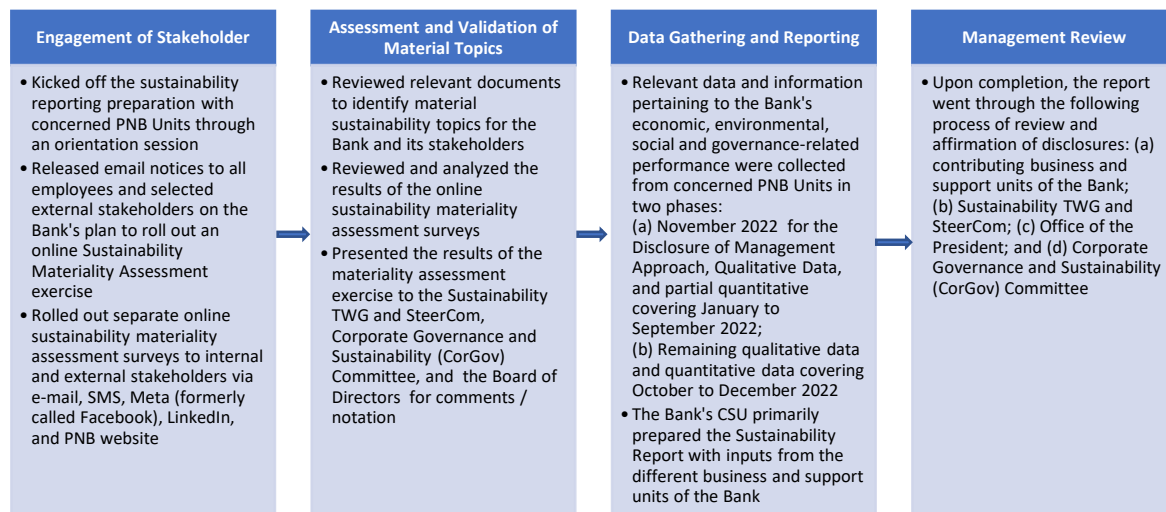
OUR REPORTING PROCESS

GRI 2-14

We continue to learn in the process of preparing our own Sustainability Report. Our reporting and writing process enabled us to develop an appreciation of our existing best practices and a better understanding of the gaps, challenges, and areas for improvement in our business and operations.

As a member of the Lucio Tan Group (LTG) of Companies, we share relevant data and updates on our sustainability initiatives to the conglomerate for inclusion in their own sustainability report. We align the reporting guidelines that we use with that of the conglomerate's, including the metrics, data gathering method, and submission schedules, for consistency and accuracy.

Below is the process our Bank went through in preparing this Sustainability Report. We hope to further improve on how we report on our Bank's economic, environmental, social, and governance performance.



OUR ECONOMIC PERFORMANCE

GRI 3-3, 201-1, 204-1

SDG 8, 9, 11

As a financial institution, we generate and distribute economic values to various stakeholders. These include salaries and benefits of employees, taxes paid to government, payments to vendors / suppliers and third-party service providers, dividends for shareholders, donations to social development causes, and support for CSR and sustainability initiatives of the Bank.

Economic Value Distribution Table

Economic Impact (In Philippine Peso)	2020 In Millions	% of Total	2021 In Millions	% of Total	2022 In Millions	% of Total
Amount paid to suppliers / vendors	4,623	23.62%	4,350	25.08%	4,604	23.40%
Consolidated membership fees and dues	13	0.07%	15	0.09%	19	0.10%
Consolidated charitable contributions and sustainability-related activities	25	0.13%	29	0.17%	20	0.10%
Wages and benefits paid to employees	10,168	51.95%	9,986	57.59%	9,763	49.62%
Taxes paid to government	4,743	24.23%	2,961	17.07%	5,270	26.78%
TOTAL	19,572	100.00%	17,341	100.00%	19,676	100.00%

Source: PNB Financial Management Sector

In 2022, our payments to suppliers and service providers increased as the Bank returned to normal operations and embarked on projects and initiatives to improve its operations. There was also an increase in the expenses of the Bank's membership dues as these different associations return to their normal operations.

On the other hand, there was a significant decrease in the expenses of the Bank pertaining to wages and benefits paid to the employees which can be attributed to the number of employee separations during the reporting period.

The expenses of the Bank for its charitable contributions and sustainability-related activities and initiatives decreased as the Covid-19 vaccination was already completed the previous year. In addition, the Bank's CSR and sustainability activities and initiatives rolled out for the reporting are more inward-looking. This is consistent with the Bank's belief that sustainability should start from within the organization.

Dividend Policy

We continue to adopt a dividend policy where "dividends shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and the regulations of the *Bangko Sentral Ng Pilipinas* (BSP) and the *Securities and Exchange Commission* (SEC), subject to compliance with such financial regulatory requirements as may be applicable to the Bank".

Creating Economic, Social, and Environmental Impact through Our Business

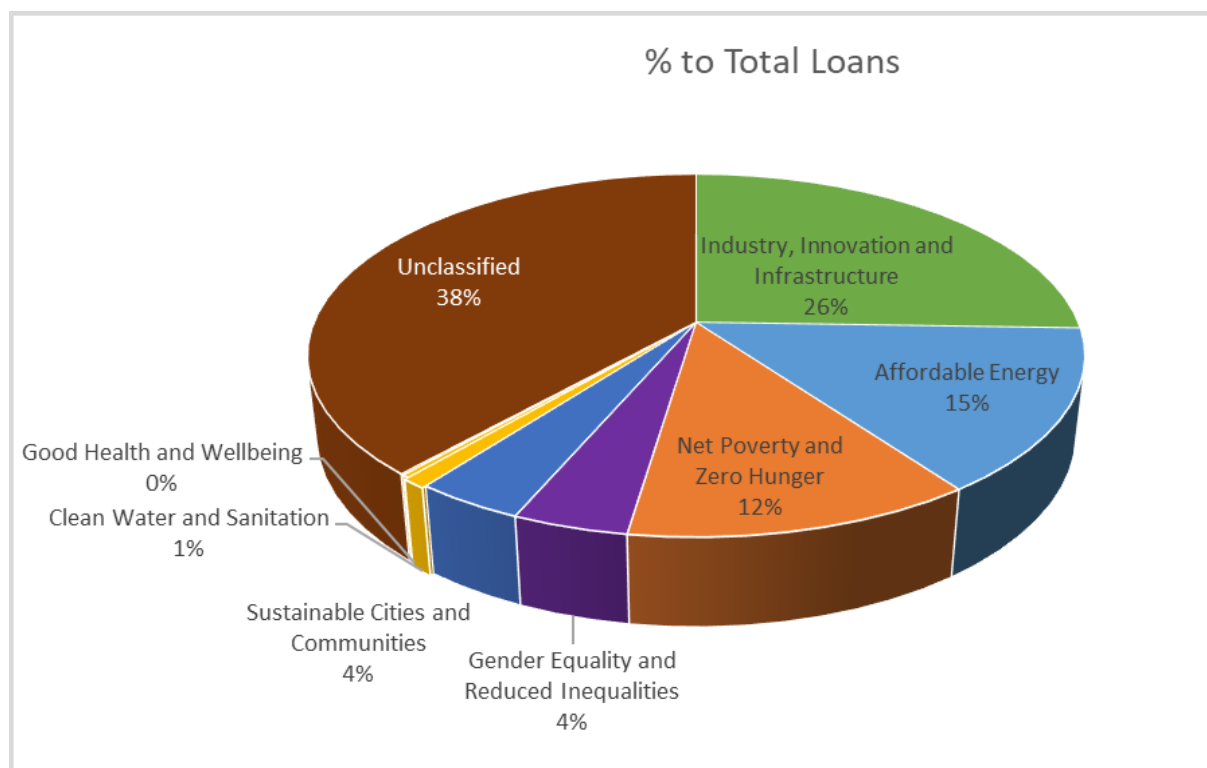
GRI 3-3, 203-1, 203-2

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SDGs 1, 2, 3, 6, 7, 8, 9, 11, 12, 16, 17

As part of our commitment to create positive impact on the economy, society, and the environment, we continue to support and finance businesses and projects that contribute to the achievement of the sustainable development goals.

As of 2022, a total of PhP289.6 billion or 57.4% of the Bank's total loan portfolio was used to finance businesses and projects on food manufacturing, agricultural production, water distribution and supply, energy generation and distribution, construction and operation of tolls roads and bridges, telecommunications infrastructure, and construction of green buildings and health facilities that promote nation-building and countryside development.



Source: PNB Institutional Banking Sector

We take pride in servicing and supporting our clients who are ESG investors. As part of our investment process, we conduct annual credit review on the issuers, which includes their ESG scores, to assess their commitment to environmental protection and social responsibility. The credit review is coordinated with our Credit Management Group that prepares the financial analysis portion of the report. The review covers credit, market, and liquidity considerations.

In 2022, Our Bank, through our Wealth Management Group, offered Green Bonds and other offerings for our investor-clients in close coordination with PNB Capital and Investment Corporation. The securities offered for the year that met two (2) Environmental (Sustainable Cities and Communities; Climate Action) and two (2) Social (Good Health and Well-Being; Decent Work and Economic Growth) Sustainable Development Goals were the CITICORE ENERGY REIT (CREIT) Corp. Initial Public Offering Common Shares, Arthaland Corporation 5Y and 7Y Fixed-Rate ASEAN Green Bonds, and CITICORE ENERGY REIT (CREIT) 5Y-Fixed-Rate ASEAN Green Bonds.

The partnership of our Wealth Management Group and PNB Capital allowed us to secure Green Bonds and Corporate offerings booked thru the Philippine Dealing System's Electronic Securities Issue Portal (e-SIP), an online ordering system that enables the efficient digital processing of orders and documents in the primary market.

Our Trust Banking Group has an existing Unit Investment Trust Fund, a global feeder fund which was launched in 2021. Called the PNB US Equity Sustainability Leaders Feeder Fund, it allows Filipino clients to invest in US companies with superior ESG characteristics through its target fund, the Legg Mason ClearBridge US Equity Sustainability Leaders Fund. The fund puts great value in

ESG and incorporates it in the investment selection process, as opposed to simply considering the potential profitability of securities.

We also participated in the BDO ASEAN Sustainability Bonds, RCBC ASEAN Sustainability Bonds, ACEN Green Bonds, and ALCO ASEAN Green Bonds via Investment Management Account (IMA) and Trust arrangements in 2022.

We plan to engage in Sustainable Financing Transactions (SFTs) to finance or refinance projects and expenditures that have positive environmental and social impacts. Currently, we are assessing our Sustainable Finance Framework (SFF) for further improvement.

Sourcing and Supply Chain Management

GRI 2-6

SDG 12

Our Bank has a simple procurement process that is aligned with the outsourcing regulations of the BSP.

We source from accredited vendors / suppliers and third-party service providers, conduct bid assessments, and issue Purchase Orders or Letters of Awards to winning vendors or third-party service providers.

We have a Procurement Committee composed of members of the Bank's Senior Management Team that meet regularly to review and deliberate on the submitted bids of accredited third-party service providers.

Purchase of goods and services are not limited to Metro Manila-based accredited vendors / suppliers and third-party service providers. For provincial and overseas branches and offices, our Procurement Department helps purchase or source from local vendors in the area to minimize transportation costs.

Purchasing or sourcing from non-accredited entities is strongly discouraged. However, exceptions are allowed in cases when the service engagement is considered seasonal or occasional, one-time, or an emergency need.

Our Vendor Management Policy requires concerned Bank units to evaluate the service and technical capability of their respective vendors / suppliers or third-party service providers annually. We continued to improve our process of accreditation, risk assessment, due diligence, and periodic oversight or monitoring of third-party service providers.

We enhanced our accreditation criteria to accommodate more applicants for vendor accreditation. We also subjected our Vendor Management Framework to annual review and audit.

We updated our existing vendor-related forms and documents to reflect ESG criteria such as the third-party service providers' gender composition of management and manpower complement, and their compliance with environmental and social laws, policies, and regulations, among others. In addition, we ensured that third-party service providers engaged by the Bank are able to provide their business continuity or mitigation action plans.

To encourage alignment with our sustainability agenda, we ensured that our third-party service providers are informed about the Bank's sustainability policy and initiatives through emails. We

also included the PNB Sustainability Policy in the orientation and accreditation application kit of interested vendors. We encourage service providers' participation in efforts such as the latest online Sustainability Materiality Assessment Survey that we rolled out in the last quarter of the year.

As of December 2022, the Bank has 1,399 accredited vendors / suppliers and third-party service providers. This list is regularly updated and disseminated to all PNB offices and units for reference and guidance.

OUR SOCIO-ECONOMIC AND ENVIRONMENTAL COMPLIANCE PERFORMANCE

GRI 2-27

SDG 16

Our commitment to contribute to the improvement of the environment and society in general through our business and operations goes beyond regulatory compliance.

We ensure that all our domestic and overseas offices and branches have the necessary business, labor, and environmental permits. We also ensure that we align with the ESG-related regulations, laws, and policies of our host countries.

We keep our people updated on all applicable laws, rules, regulations, and policies that govern our business and operations through the regular release of email bulletins and conduct of trainings.

We have mechanisms in place to monitor our compliance with socio-economic and environmental laws, rules, regulations, and policies. Our Corporate Governance and Sustainability Committee reviews the Bank's sustainability performance using various benchmarks, including economic, social, and environmental performance indicators.

In addition, the Sustainability SteerCom and TWG review and deliberate on all sustainability-related initiatives. They also endorse and recommend actions to the Office of the President and the Corporate Governance and Sustainability Committee.

At the management level, our Corporate Sustainability Unit (CSU) under the Public Affairs Group, spearheads various initiatives aimed to effect meaningful social, environmental, and economic change. Our CSU works closely with the different units of the Bank that play important roles in the effective implementation of the Bank's sustainability agenda.

All non-compliance cases are handled by our Bank's Legal Group. Any incident of non-compliance with applicable environmental, economic, and social-related laws, regulations, and policies in communities where we have presence, either within the country or overseas, are addressed by the Bank through appropriate channels and are closely monitored.

As needed, the Bank's management ensures that concerned PNB units correct practices immediately and monitors their compliance.

OUR ENVIRONMENTAL PERFORMANCE

We continue to do our part in ensuring that our business and operations do not have any adverse impact on the environment.

To do this, we use and manage our resources efficiently to reduce our environmental footprint. We continue to record our resource usage, as well as plan to do an inventory and assessment of our emissions next year, to monitor our environmental footprint and come up with actions on how to better manage it.

Moreover, we recognize that our significant environmental footprint is extended to our business, particularly through our lending business. As such, we ensure that the businesses that we finance or support do not harm the environment and the society in general, while closely monitoring and managing the environmental and social risks of our existing clients.

On the other hand, to help the Bank improve its resiliency against harsh climate and environmental risks, as well as geological hazards, we continue to revisit and enhance our risk monitoring processes and continuity plans regularly.

Power Fuel, and Water Consumption

GRI 3-3, 302-1, 303-1, 303-2, 303-3, 303-4, 303-5
SDG 6, 7, 8, 12, 13

Power and water are important to our domestic and overseas operations. We source these from third-party utility service providers.

To reduce and manage our energy consumption and emissions, we upgraded our outdated equipment and acquired energy-efficient devices. We are also using energy-efficient LED lights and inverter-type air-conditioning units for some of our offices and branches. Employees are also constantly enjoined to do their part in reducing the carbon footprint of the Bank by turning equipment and lights off when not in use.

We also implemented various initiatives to reduce water consumption, reuse water, and mitigate water management risks in our head offices, as well as in our branches. We conducted regular maintenance activities year-round to ensure sufficient water supply, inspect water supply equipment for wear and tear, and repair water leakages when spotted. Water-efficient fixtures and fittings were also put in place to help conserve water. In addition, we reminded employees and customers to consume water wisely through regular release of emails and posting of reminders in the premises.

Moreover, we continue to implement a car-pooling program for our employees to help them in their travel to and from work while at the same time helping to reduce the Bank's and our employees' carbon footprint. Launched in March 2020 during the height of the Covid-19 pandemic, the **"Share-A-Ride Program"** is the Bank's carpooling initiative to assist employees with ongoing transportation concerns and fuel hike. As of December 2022, there are 124 active Philnabankers sharing their rides with their co-Philnabankers.

Electricity and water consumption at our PNB Financial Center in Pasay City and PNB Makati Center further decreased in 2022 from 2021 as we only reported on the PNB-leased areas in these buildings owned by the PNB Holdings Corporation, Inc. Our adoption of alternative work

arrangement (AWA) also contributed to the reduced water and power consumption for the reporting period.

At our domestic branches, there was a slight increase in the power consumption of our Metro Manila branches as they resumed their regular banking operations full blast. While our water consumption in 2022 decreased in almost all areas of our operations, there was, however, an observed increase in water consumption of our Visayas branches and offices. The increase in water consumption was due to water leakage from broken pipes and water lines after the onslaught of Typhoon Odette in December 2021 in the region. More water was consumed in cleaning the branches after the typhoon and during the rainy season. In addition, some branches were operating during Saturdays, contributing further to the increase in water consumption.

There is limited available data on the energy and water consumption of our overseas branches and offices as most of them do not have sub-meters to measure and track consumption. Expenses for power and water consumption are already included in their monthly office rental fees.

The following matrix shows comparative data on the Bank's energy and water consumption. We also included a report on our water withdrawn, discharged, and consumed for 2022. Moving forward, we will continue to work on improving our data collection and reporting of our resource consumption.

Power Consumption

Location / Facility	2020 (in kwh)	2021 (in kwh)	2022 (in kwh)
PNB Financial Center (Pasay)	7,562,382.28	2,647,866.80	2,246,736.72
PNB Makati Center (Ayala Avenue)	6,201,770.00	1,615,213.00	1,256,044.80
Metro Manila Branches	5,309,357.00	5,169,493.82	6,189,813.56
Luzon Branches	5,140,111.00	6,723,747.54	5,411,800.94
Visayas Branches	3,029,871.00	2,789,278.00	2,785,912.33
Mindanao Branches	3,250,192.00	2,595,855.00	2,474,771.04
PNB Overseas Branches and Offices ²	No data	1,067,359.96	106,764.00
TOTAL	30,493,683.28	22,608,814.12	20,471,843.39

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

Water Consumption

Location / Facility	2020 (in megaliter)	2021 (in megaliter)	2022 (in megaliter)
PNB Financial Center (Pasay)	132.53	55.00	9.80
PNB Makati Center (Ayala Avenue)	34.37	9.80	7.55
Metro Manila Branches	57.46	41.61	56.87
Luzon	46.03	53.19	47.11

² Data on PNB Overseas Branches and Offices are from PNB Guam, PNB Hong Kong, PNB Tokyo, and PNB Singapore only.

Visayas	21.07	40.38	118.98
Mindanao	18.50	41.27	22.34
Overseas	0.00	590.24	0.90
TOTAL	309.96	831.49	263.55

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

LOCATION	WATER WITHDRAWN (in megaliter)	WATER DISCHARGED (in megaliter)	WATER CONSUMED (in megaliter)
PNB Financial Center (Pasay)	9.80	0.00	0.00
PNB Makati Center (Ayala Avenue)	7.55	0.00	0.00
Metro Manila Branches	6.74	6.53	43.60
Luzon	0.00	0.00	47.11
Visayas	118.98	0.00	0.00
Mindanao	9.74	0.00	12.60
Overseas ³	0.30	0.30	0.30
Subtotal	153.11	6.83	103.61
TOTAL			263.55

Source: PNB Administration Group, Branch Banking Group, and International Banking and Remittance Group.

Fuel consumption at the PNB Financial Center in Pasay City for the reporting period refers to the weekly testing/maintenance of the generator sets for areas leased by the Bank and the use of these during power outages, as well as the fuel consumed by the Bank's motor pool. Regular preventive maintenance by a third-party generator set provider and Bank-owned vehicles were conducted for fuel efficiency and for reduction of carbon emissions.

We further regulate our fuel consumption by implementing a trip maximization policy where official business travels are subject for approval, and, if possible, we schedule trips in the same areas. Also, the conduct of virtual activities and meetings, as well as webinars, have contributed to the reduction of our fuel consumption and emissions.

Our total fuel consumption significantly increased in 2022, and this can be attributed to employees' gradual return to office, as well as the improved data collection from our domestic branches. Client visits, onsite sales events and activities, ocular visits of project and business locations, and attendance to onsite external trainings and events resumed this year. On the other hand, majority of our overseas offices and branches reported that they do not have generator sets as back-up for power outages and have no bank-issued cars.

Fuel Consumption

LOCATION / FACILITY	2020 (in liters)	2021 (in liters)	2022 (in liters)
PNB Financial Center (Pasay)	4,036.61	3,972.20	58,279.87

³ Data for PNB Overseas Branches and Offices is for PNB Tokyo.

PNB Makati Center (Ayala Avenue)	3,972.20	0.00	0.00
Metro Manila Branches	0.00	0.00	13,880.79
Luzon Group of Branches	0.00	0.00	1,480,784.02
Visayas Group of Branches	0.00	0.00	7,811.00
Mindanao Group of Branches	0.00	0.00	754,054.24
Overseas Offices and Branches*	0.00	0.00	0.00
TOTAL	8,008.81	3,972.20	2,314,809.92

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

Breakdown of the Bank's Fuel Usage in 2022

LOCATION / FACILITY	FUEL DIESEL (Liters)	FUEL GASOLINE (Liters)	BANK VEHICLES (Gasoline / Liters)	BANK VEHICLES (Diesel/ Liter)	EQUIVALENT IN GIGAJOULES
PNB Financial Center (Pasay)	600.00	0.00	34,299.01	23,380.86	2,084.30
PNB Makati Center (Ayala Avenue)	0.00	0.00	0.00	0.00	0.00
Metro Manila Branches	9,779.25	4,101.54	0.00	0.00	511.88
Luzon	1,480,784.02	0.00	0.00	0.00	56,269.79
Visayas	7,811.00	0.00	0.00	0.00	296.82
Mindanao	754,054.24	0.00	0.00	0.00	344.24
Overseas ⁴	0.00	0.00	0.00	0.00	0.00
TOTAL	2,253,028.51 (liters)	4,101.54 (liters)	34,299.01 (liters)	23,380.86 (liters)	59,507.04 (gigajoules)

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

Our Emissions

GRI 3-3, 305-1, 305-2, 305-5

SDG 7, 8, 12, 13

TYPE OF GHG EMISSIONS	2020 (in Tonnes CO2e)	2021 (in Tonnes CO2e)	2022 (in Tonnes CO2e)
PNB Financial Center			
Direct (Scope 1) GHG Emissions ⁵	4.09	3.97	133.98
Indirect (Scope 2) GHG Emissions ⁶	9,812.63	18,869.61	1,600.13
PNB Makati Center			
Direct (Scope 1) GHG Emissions	0.00	0.00	0.00
Indirect (Scope 2) GHG Emissions	0.00	0.00	894.56
PNB Domestic Branches			
Metro Manila Branches			

⁴ Overseas branches do not use generator sets as back-up for power outages and have no bank-issued cars

⁵ Source for Scope 1 Computation: <https://unfccc.int/documents/271269>

⁶ Source for Scope 2 Computation: <https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef?withshield=2>

Direct (Scope 1) GHG Emissions	0.00	0.00	33.57
Indirect (Scope 2) GHG Emissions	0.00	118.39	4,408.39
Luzon			
Direct (Scope 1) GHG Emissions	0.00	0.00	3,720.22
Indirect (Scope 2) GHG Emissions	0.00	0.00	3,854.28
Visayas			
Direct (Scope 1) GHG Emissions	0.00	0.00	19.62
Indirect (Scope 2) GHG Emissions	0.00	0.00	1,984.13
Mindanao			
Direct (Scope 1) GHG Emissions	0.00	0.00	1,894.43
Indirect (Scope 2) GHG Emissions	0.00	0.00	1,762.53
PNB Overseas Branches and Offices			
Direct (Scope 1) GHG Emissions	0.00	0.00	0.00
Indirect (Scope 2) GHG Emissions	0.00	4,653.13	76.04
Total Direct (Scope 1) GHG Emissions	4.09	3.97	5,803.32
Total Indirect (Scope 2) GHG Emissions	9,812.72	23,641.13	14,580.05
Total Carbon Footprint	9,816.72 tCO₂e	23,645.1 tCO₂e	20,383.37 tCO₂e

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

Our data collection and reporting on our GHG Emissions improved in 2022. Aside from our head offices in Makati and Pasay, we also included data from our domestic and overseas branches in the report. Our emissions went down by 3.3 tons compared to last year.

We included Scope 1 and Scope 2 emissions of our domestic and overseas operations. We computed our Scope 1 emissions based on the United Nations Framework Convention on Climate Change (UNFCCC) GHG emissions calculator* while we computed our Scope 2 emissions based on the Philippine Department of Energy's 2015-2017 National Grid Emission Factor (NGEF)**

In December 2022, we embarked on a mission to do an accounting of our GHG emissions and that of our employees with the assistance of Tan Yan Kee Foundation, Inc. (TYKFI) and its pool of subject matter experts. This activity will commence in January 2023 and is expected to be completed in April 2023.

The exercise will cover all domestic and overseas operations of the Bank. An expected result from this exercise is a baseline GHG emission data of the Bank. Once the baseline GHG emissions of the Bank are accounted for and established, our next action is to come up with strategies or sustainable practices that will help us reduce and manage our carbon footprint.

Resource and Waste Management

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5

SDG 3, 6, 11, 12, 13

We observe and practice proper waste disposal to manage our environmental footprint.

Our domestic offices and branches mainly generate non-hazardous office wastes such as plastics and paper. These are regularly collected by the local government units (LGUs) and DENR-accredited garbage disposal service providers and are disposed in DENR-accredited landfills.

We encourage our employees to follow the reuse-reduce-recycle principle in managing solid waste materials. We recycle plastic and metal containers and bottles as plant pots or use them to catch water dripping from the aircon units at the branches. We also collect and sell plastic bottles and shredded paper wastes to recycling centers or junkshops and we use the proceeds from the sale of these to support the Bank's waste management initiatives and employee volunteerism or community outreach activities. On the other hand, other solid non-recyclable waste materials such as used face masks and single-use plastics are properly segregated and disposed.

Another solid waste generated by the Bank is electronic waste. Old computers are replaced once declared defective and obsolete, or because of a system migration or upgrade. Instead of throwing away old computers, our Information Technology Group (ITG), who oversees all IT-related purchases and disposals, makes sure that serviceable computers and computer parts and peripherals are repaired for office use or refurbished for donation to different NGOs or public schools. Electronic items that unrepairable and no longer fit to be recycled are also properly disposed by the Bank.

To help reduce our electronic waste, ITG integrated sustainability requirements in the Bank's selection of hardware and software systems and service providers. Desktop computers, which consume 150-200 watts of power, were replaced with more energy-efficient tiny and mini desktop computers which only use 18 watts of power. In addition, our Bank shifted to the use of laptops as the standard computer for non-branch personnel to support them in the new hybrid work arrangement.

Moreover, we do not throw away old office furniture and equipment. Old office tables, chairs, filing steel and wood cabinets, sofas, and side tables to name a few are repaired and refurbished so we could use them again. For old office furniture that can no longer be repaired, we bid these out to interested third parties and book the proceeds as income for the Bank.

Wastewater or effluents from our Head Offices are from the toilets and cafeterias from the buildings. For our PNB Makati Center, wastewater is discharged to the sewer line of the Manila Water Company, Inc., which then goes to the water company's centralized treatment plants located in Makati City. Wastewater from our PNB Financial Center, on the other hand, is treated first in the Sewage Treatment Plant (STP) located inside the head office complex (operated and maintained by PNB Holdings Corporation) before it is released to the Manila Bay. In our domestic branches, the wastewater generated are mainly from the use of toilets and cleaning of the branches, which go straight to the sewer line of the community.

The succeeding table lists down the common non-hazardous waste materials from our domestic offices and branches. Since the Bank is not fully occupying the entire PNB Financial Center and Makati Center, only waste materials from the areas leased by the Bank are included in the report for 2022.

On the other hand, we have limited data on waste materials generated by our overseas branches and offices for the reporting period. This is also the first time that we are including their waste materials in our reporting. We will work on improving our overseas data collection moving forward.

Common Types of Wastes from PNB Head Offices

Waste Category	2020 (MT)	2021 (MT)	2022 (MT)
Solid Waste (i.e., paper)	232.00	100.00	490.00

wastes, construction debris, elevator parts, tree branch cuttings, etc.)			
Used oil	1.62	0.43	0.43
Lead acid batteries	0.50	0.00	0.15
Busted Fluorescent /LED Lights	1.49	0.45	0.15
Contaminated Rugs	0.30	0.30	0.00
Total Non-Hazardous Solid Waste	232.00	100.00	490.00
Total Hazardous Solid Waste	3.91	1.18	0.73

Source: Source: PNB Administration Group

Common Types of Wastes from the Branches

	Metro Manila Branches			Luzon Branches			Visayas Branches			Mindanao Branches			Overseas Branches ⁷		
Waste Category	2020 (MT)	2021 (MT)	2022 (MT)	2020 (MT)	2021 (MT)	2022 (MT)	2020 (MT)	2021 (MT)	2022 (MT)	2020 (MT)	2021 (MT)	2022 (MT)	2020 (MT)	2021 (MT)	2022 (MT)
Solid Waste (i.e., paper wastes, construction debris, elevator parts, tree branch cuttings, etc.)	26.70	9.67	3,677.96	53.23	42.37	49.50	21.92	29.54	7.15	12.14	11.68	3.40	0.00	0.00	1.00
Used Oil (i.e., from gen sets during power outages and weekly testing)	0.38	0.14	0.01	3.36	1.91	1.22	0.21	0.29	0.03	1.16	0.64	0.10	0.00	0.00	0.00
Lead Acid Batteries (from gen sets)	2.67	0.06	0	5.42	2.71	1.01	0.69	1.64	0.01	0.41	1.63	0.41	0.00	0.00	0.00
Busted Fluorescent /LED Lights	0.08	0.51	217.35	0.30	4.01	0.00	0.04	0.20	0.05	0.05	0.19	0.17	0.00	0.00	0.00

⁷ Data for PNB Overseas Branches and Offices is for PNB Guam.

Contaminated Rugs	0.25	0.08	0.00	0.69	0.50	2.24	0.12	0.16	0.00	0.06	0.02	0.00	0.00	0.00	0.00
Expired Paints	0.03	0.01	0.00	0.01	0.001	2.24	0.02	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ozone depleting substances (i.e., aerosol spray cans for disinfectants, air fresheners, etc.)	0.03	0.00	0.00	0.03	0.038	0.00	0.01	0.05	0.00	0.06	0.04	0.00	0.00	0.00	0.00
Electronic Wastes (i.e., old defective machines, old/ broken IT-related equipment / peripherals, etc.)	0.12	0.01	0.00	0.20	0.206	2.079	0.18	0.11	0.00	0.27	0.31	0.00	0.00	0.00	1.00
Total Non-Hazardous solid Waste	26.7	9.67	3,677.96	53.23	42.37	49.5	21.92	29.54	7.15	12.14	11.68	3.4	0.00	0.00	1.00
Total Hazardous solid Waste	3.56	0.81	217.36	10.01	9.375	8.789	1.27	2.51	0.09	2.01	2.83	0.68	0.00	0.00	1.00
TOTAL	30.26	10.48	3895.32	63.24	51.745	58.289	23.19	32.05	7.24	14.15	14.51	4.08	0.00	0.00	2.00

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

Waste Disposal

LOCATION	WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPTION		WASTE DIRECTED TO DISPOSAL BY DISPOSAL OPERATION	
	Hazardous (Metric Ton)	Non-Hazardous (Metric Ton)	Hazardous (Metric Ton)	Non-Hazardous (Metric Ton)

	Preparation for reuse	Recycling	Others	Preparation for reuse	Recycling	Others		Incineration	Landfilling	Others	Incineration	Landfilling	Others
PNB Financial Center (Pasay)	0.00	0.58	0.00	0.00	490.78	0.00		0.10	0.30	0.00	0.00	0.00	0.00
PNB Makati Center (Ayala Avenue)	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Metro Manila Branches	0.00	0.00	0.00	0.00	777.96	0.00		0.00	2,028.18	0.00	0.00	793.21	0.00
Luzon	0.00	0.00	0.00	0.00	0.59	0.00		0.00	0.60	0.00	0.00	0.00	0.00
Visayas	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.17	7.02	0.00
Mindanao	0.00	0.00	0.00	0.00	0.00	0.00		0.00	1.78	0.00	0.00	3.41	0.00
Overseas	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.58	0.00	0.00	1,269.34	0.00		0.10	2,030.86	0.00	0.17	803.63	0.00

Source: PNB Administration Group, RBS-Branch Banking Group, and International Banking and Remittance Group

Our usage of paper increased as our branches and offices returned to full operations, while we are still working towards automating our forms and digitizing our processes. As part of our digitalization plan, we partnered with Adobe Sign to digitize our loan implementation and

transaction documents to make it safer and easier for our customers to do transactions anytime, anywhere while reducing our own environmental footprint.

We continued our efforts to decrease paper consumption by encouraging our clients to shift to digital banking, enroll in electronic statement of accounts (e-SOA), open PNB accounts through digital channels, and go paperless for select transactions.

Paper Consumption

Description	2020 (MT)	2021 (MT)	2022 (MT)
Copy Paper Short	17,500,000	16,376,500	25,075,500
Copy Paper Long	6,000,000	14,041,500	8,243,000
Deposit Slip	595,800	491,809	505,790
Withdrawal Slip	79,000	117,742	206,105
Signature Card	1,106,700	984,900	1,308,800
Customer Information Form - Individual	1,134,000	606,800	760,900
Customer Information Form - Business	55,000	79,300	98,200
Cash Transfer Slip	60,000	69,557	109,035
TOTAL	129.98	180.60	183.60

Source: PNB Administration Group

Managing Our Environmental and Social Risks and Impacts

GRI 2-24, 201-2

FN-CB-410a.2.

SDG 9, 13, 16

We recognize that climate change as well as environmental and social risks could threaten the Bank's operations and sustainability. To future-proof our Bank, we embarked on a serious mission to embed sustainability principles in our business and all areas of operations.

We continue to assess and manage our environmental risks and the impact associated with financing businesses, projects, or industry sectors. In keeping with this commitment, we will continue to refrain from supporting businesses and activities that have adverse environmental as well as social impacts:

- Money laundering, terrorism, criminal, and illegal activities
- Bribery including giving, offering, receiving, or requesting bribes
- Child labor and any form of exploitation of children
- Forced labor
- Adult entertainment, prostitution, human trafficking
- Activities related to nuclear power generation and fuels, hazardous chemicals, and radioactive substance
- Illegal mining
- Illegal gaming
- Violating rights of local communities
- Production or trade of wildlife regulated under the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES) and United for Wildlife Financial Taskforce
- Any form of animal cruelty
- Illegal logging or uncontrolled fire – including transactions in which a client engages in illegal logging or uncontrolled use of fire for clearing forest lands, conversion of land for plantation use in primary tropical moist forests
- Land clearance by burning
- Production and movement of weapons and ammunitions for non-law enforcement, non-military use which violates basic humanitarian principles, and this includes anti-personnel mines, cluster munitions, and weapons of mass destruction
- Illegal Internet gaming – transactions connected to the participation of another person in a bet or a wager that involves the use of the Internet that is unlawful
- Fishing with the use of explosives or cyanide
- Production or activities that impinge on the lands owned or claimed under adjudication by indigenous people, without full documented consent of such people
- Finning and/or trading (wholesale or retail) or serving at eateries of shark's fin, or shark-finning and deriving material revenue from such activities
- Natural resource extraction in UNESCO World Heritage sites – engaging in transactions focused on natural extraction within UNESCO World Heritage sites, unless there is prior consensus between UNESCO and the host country's governmental authorities that activities will not adversely affect the natural or cultural value of the site

We continue to assess and improve our evaluation, due diligence, and monitoring processes for loan accounts with high and medium E&S risks to manage and mitigate our environmental and social risk exposures.

Projects for financing are evaluated thoroughly as part of our enhanced due diligence process, and regulatory compliance is ascertained by submission of government permits and licenses. Negative impacts identified during assessment are provided with risk mitigation measures and are regularly monitored.

To align expectations and ensure compliance with the regulatory requirements, we organized roundtable discussions to educate our loan clients and employees on the Bank's Sustainable Finance Framework and other ESG-related topic or themes.

In addition, to further strengthen our operational and infrastructure resiliency, we continued to enhance our risk monitoring tools, business continuity plans, crisis management plan, and crisis communications plan to include climate and environment-related risks.

We also continued to revisit and improve our ESG Screening Checklist and ESG Scorecard which is part of our enhanced due diligence process to determine and manage the level of E&S risk exposures of our loan accounts. The ESG scorecards are integrated in the credit risk assessment and rating of identified loan accounts of the Bank.

Currently, we are planning to further enhance our risk management system by integrating environmental and social risk factors in all areas of our operations. To do this, we sought the assistance of Tan Yan Kee Foundation, the CSR arm of the Lucio Tan Group of Companies, and its pool of subject matter experts, to help us put together our Environmental and Social Risk Management System or ESRMS.

Part of the work under this ESRMS project is the conduct of hazard mapping of locations of all our domestic and overseas offices, data centers, critical service providers, collaterals, and business offices and project locations of our major clients using the HazardHunterPh. The hazards considered in the hazard mapping exercise include the nearest active fault lines, nearest active volcano and ashfall, floods, and severe wind.

Still under the ESRMS project, we embarked on the task of converting environmental physical and transition risks into financial risks for the Bank, and linked the risk drivers to the Bank's credit, market, and liquidity models.

CARING FOR OUR CUSTOMERS AND COMMUNITIES

We continue to work towards improving our operations to provide the best financial solutions and customer service. Our goal is to ensure that we are able to help contribute to the financial growth and wellness of our customers while growing our business and, at the same, creating a better tomorrow for the next generation.

Aligned with our belief that sustainability should start from within, and to demonstrate our commitment to the society at large, we continue to find balance in supporting both our internal and external stakeholders through significant initiatives.

Working on Improving Our Customer Experience

GRI 3-3

SDG 12

We value our customers as they are an integral part of our business. We recognize that they have the right to be protected in all stages of their dealings with the Bank, which may start even before the actual consumption of the Bank products and services. As such, we endeavor to ensure that our customers are well-informed and protected and become responsible consumers, who are given an avenue to air out their concerns regarding the Bank products and services.

We continue to provide our clients various channels for their inquiries, requests, and complaints such as our 24/7 customer care hotline, email, Facetime, Skype, Messenger in all branches

overseas and nationwide. In 2022, majority of our customer touchpoints is inquiries, followed by requests and complaints. Moreover, to better improve the Bank's management of customer concerns, an annual report to analyze the trends and effectiveness in resolving issues is presented to the Management Committee and the Board of Directors.

Our Consumer Protection Policy includes Consumer Assistance Mechanism where the Bank ensures that any reported complaint is recorded, monitored, and addressed in a timely manner. Every month, a report on Customer Engagement and Consolidated Complaints Report is submitted / presented to the Management Committee and Board Risk Oversight Committee. On a quarterly basis, in accordance with the BSPs requirement, the Bank submits the BSFI Consolidated Complaints Report to the regulators.

We continue to gather qualitative feedback from our customers at point of call through our "After Call Survey for 8573-8888", as well as conduct monthly call and email satisfaction surveys to help us further improve our products and services, policies, processes, and customer engagement.

As part of the Bank's commitment to a better customer experience, we are improving our customer channels to provide more customer-centric options that will cater to their preferences and priorities. We believe that this journey is in partnership with our customers and stakeholders who have been generous in giving us feedback which allows us to deliver our best in satisfying their needs, as well as to maintain our relationship with them in the future.

Our Digital Innovation and Transformation

GRI 3-3

SDG 9

We align our digital strategy and initiatives with the key strategic business pillars of our Bank. We also conduct regular market and customer trends analysis, competitive scans, regulatory mandates, and industry direction to keep us abreast with what is happening in the market and allow us to understand and serve our customers better. Together with the digital priorities of the Bank's key retail business units, these inputs allow us to formulate our strategic direction which guides our digital innovation and transformation.

The implementation of our digital program is governed at a high level by the Projects Prioritization Committee, where major strategic projects are cleared and approved. Execution of these priorities are then approved and monitored by the Mobile Steering Committee, Technology Committee, and Board IT Governance Committee to ensure that the digital initiatives are aligned with enterprise priorities, are on track, and that business results contribute to the overall targets of the Bank.

Product development, marketing campaigns, and business results of the digital discipline are reviewed with the President and CEO and with the Board Strategy and Policy Committee (BSPC). Risk management of the digital services and related products are governed through the Risk Oversight Committee.

Our Bank adheres to the BSP Policy on Electronic Banking and Financial Services and related regulations such as Guidelines on Electronic Payments, Operations on Payment Systems, Anti-Money Laundering (AMLA) Rules and Regulations, Data Privacy Law, and Consumer Protection. We are also aligned with the BSP Digital Payment Transformation Roadmap, which operates under the National Retail Payment System (NRPS).

We also participate in the InstaPay and PESONet interbank fund transfer ecosystem and we launched other NRPS services such as the Person to Merchant (P2M) and Person to Business (P2B) payment streams. Another BSP framework that our Bank participates in is the planned Open Finance Framework where financial institutions can share data with the consent of their customers to optimize services in the areas of Product and Service Information, Account Onboarding, and Account and Transaction Information.

As part of our digitalization efforts, we continue to automate our Bank forms, shift customers to e-SOA, and migrate existing customers to the Bank's digital channels. We are also working towards automating and enhancing our existing systems and processes to reduce our environmental footprint.

We continued to operate and maintain our automated teller machines (ATMs) and cash accept machines (CAMs) to make it easy for our customers to access their funds. As of December 2022, we have a total of 1,575 ATMs, 145 CAMs, 29 Corporate CAMs, and 8,367 point-of-sales (POS) terminals for the 24-hour banking convenience of our customers.

	2020	2021	2022
ATMs	1,578	1,586	1,575
CAMs	144	165	145
Corporate CAMs (CCAMs)	18	22	29
POS Terminals	7,120	6,603	8,367

Source: PNB Digital Innovations Group and Institutional Transaction Banking Group (ITBG)

Furthermore, we continued to improve our mobile banking platform - the PNB Digital App - with enhanced security features, expanded payment and disbursement capabilities, and access to more products to provide a better mobile banking experience for our customers.

As of December 2022, the Bank recorded a 349% increase in new enrollments in its digital platforms – PNB Digital and Account Access Portal. The new enrollments resulted to an overall increase of 31% in its total digital user base. There was also a marked increase in customer engagement with a significant growth in financial transaction count and volume, increasing by 118% and 160%, respectively. We continued to boost awareness, enrollment, and usage of the app through a paperless way, extensively using the Bank's digital media assets (Meta or formerly called Facebook, Instagram, YouTube, email, SMS), to promote the mobile app to PNB's current and prospective clients.

Similar efforts have been made in PNB's corporate internet platform. In February 2022, the Bank introduced the PNB CashNet+ mobile app, which is a more efficient method of conducting online business transactions. Through this app, clients may view accounts, monitor accounts receivables, as well as initiate and approve payments. By the end of 2022, the application has 1,976 account users while 1,715 corporate accounts have been onboarded in a span of less than four months.

Digital Banking (Mobile and Internet)	2020	% increase	2021	% increase	2022	% increase
New Enrollments	221,418	17%	56,342	-75%	347,878	517%
Enrolled Users	749,564	42%	805,906	8%	1,508,741	31%

Source: PNB Digital Innovations Group

Corporate Internet Banking (PNB C@shNet Plus)	2020	2021	% Increase	2022	% Increase
New Enrollments	10,714	8,123	-24%	6,504	-20%
Total Enrollments based on Corporate Code	10,714	18,837	76%	25,341	35%

Source: PNB Institutional Transaction Banking Group (ITBG)

For 2022, our Bank has not been cited for any violation of the policies and regulations that govern our digital products and services.

Protecting Our Customers and the Bank: Data Privacy and Security, and Fraud Controls

GRI3-3, 418-1

FN-CB-230a.2.

SDG 9, 16

We put information protection at the forefront of our priorities as we value all information the Bank holds. We go above and beyond to safeguard information—ensuring the confidentiality, integrity, and availability of information, and respecting the privacy of our data subjects (e.g., customers, employees) in adherence to the general principles of transparency, legitimate purpose, and proportionality.

Our Enterprise Information Security Management System Manual and Enterprise Data Privacy Policy reinforce our commitment to information security and data privacy by implementing appropriate organizational, physical, and technical security measures. We ensure strict compliance with local and international laws and regulations, including the Data Privacy Act (DPA), General Data Protection Regulation (GDPR), Financial Consumer Protection Act (FCPA), and Bangko Sentral ng Pilipinas (BSP) circulars and memoranda on information technology and cybersecurity, among others. In addition, to ensure continuous compliance of our overseas branches with applicable legislations, our Data Privacy Department has assisted in preparing localized versions of data privacy manuals, complementary to the Enterprise Data Privacy Policy. We also follow global standards, such as the ISO/IEC 27000 series, which further strengthens our efforts to make it at par with industry peers.

In our day-to-day operations, Philnabankers embody security and privacy principles. We ensure that everyone understands our responsibilities especially in keeping information secure. Our Enterprise Information and Cyber Security Group (EICSG) makes this possible through regular dissemination of email advisories, publication of awareness content, and conduct of trainings. They also monitor updates and trends from the regulators, professional associations, and our partner vendors to ensure the continued suitability, adequacy, and effectiveness of the Bank's information security and privacy practices.

Since most of our projects required technology intervention during the pandemic, project management relating to IT risk elements were improved. Policies on data protection across all phases of the data life cycle, whether in transit, stored, or in-process, including strict implementation of encryption and multi-factor authentication, among others, were also put in place. To enable a hybrid work arrangement for our personnel, we implemented a device management strategy which only allows authorized users and devices to access Bank information assets. Those working remotely are also provided with Virtual Private Network (VPN) access to

ensure protected network connection when using public networks. VPN encrypts internet traffic, making it difficult to track activities online and steal data.

As part of our service delivery excellence, our goals and targets for ensuring data protection and privacy of customer data are aligned with our three-year strategic plan for the Bank's Data Privacy Management System. Our Data Protection Officer (DPO), with the assistance of the Data Privacy Department (DPD), works with our Customer Experience Division (CED) to accommodate requests and resolve concerns of our customers. Moreover, our efforts in maintaining transparent processing of customer data ensures consistent communication about how we process and protect information, details of which are available on the PNB Data Privacy Statement accessible to the public through our official website. We continue to promote customer privacy and security awareness by sending advisories and tips to our customers about phishing and online scams via e-mail, SMS, and by posting the same on our official PNB website and social media channels.

In addressing the rise in incidents of fraud cases experienced by the financial community, we strengthened our security controls by sending SMS and e-mail notifications to our customers for their banking transactions. Our mobile and online banking facilities have security features such as the use of log-in credentials, one-time-pin (OTP), Touch ID, and SMS and email alerts, among others. We have also enhanced our web facilities, lowered the authority limits of our frontliners, rotated our branch personnel on a periodic basis, and further enhanced our risk management process for high-risk accounts on top of the periodic review of accounts. Specifically at the branch level, we conduct enhanced due diligence by requiring additional information during customer onboarding and in case of changes in customer profile and transaction behavior.

Marketing and Labeling Our Products and Services

GRI 3-3, 417-1, 417-2, 417-3

SDG 12

Our Marketing Services and Intelligence Analytics and Performance Group (MSIAPG) supports the Bank by providing the following services: execution of data analytics programs, identification of business and customer insights, and conduct of market qualitative and quantitative research studies to empower the business to make data-driven decisions. We also develop creative marketing collaterals; provide digital content creation and dissemination (e.g., website content and maintenance, SMS push, electronic direct mail or EDM); organize internal and external events; create marketing campaigns; and manage brand development and implementation.

All our advertising and promotional collaterals strictly adhere to the Bank's guidelines and are compliant with all regulatory requirements, such as those required by the BSP, SEC, PDIC, BancNet, Department of Trade and Industry, Ad Standards Council (ASC), and Insurance Commission, among others. We also ensure that our campaigns and marketing collaterals are targeted towards the right demographics.

We have a Social Media Framework in place to help us manage our reputational risk across platforms. We use channels such as Meta (formerly called Facebook), Instagram, Twitter, YouTube, and LinkedIn to share information and updates with our customers. These channels are maximized to improve audience engagements, attain business goals, and assist our Customer Experience Division (CED) in managing customer concerns.

For the reporting period, there were no reported incidents of non-compliance with the marketing and labeling efforts of the Bank. There were also no reported incidents of non-compliance with regulations and / or voluntary codes concerning marketing communications, including advertising,

promotion, and sponsorship. The Bank performed regular updating of marketing materials to ensure that all product information is up-to-date and compliant with its standard operating procedures.

Moreover, we conducted a series of brand experience workshops in 2022 to revisit and ensure that we are delivering the best experience in every customer touchpoints of the Bank. This initiative helped us discover opportunities for improvement and develop data-driven strategies.

Promoting Financial Inclusion and Literacy

GRI 203-2

SDG 4, 10

FN-CB-240a.4., FN-CB-000.A, FN-CB-000.B

PNB's business units conducted financial literacy/wellness sessions among existing and potential customers. The Bank also conducted roundtable discussions on different sustainable finance-related topics (e.g., renewable energy) for its own employees and borrowers. Among the partners of the Bank in conducting these activities included government agencies and private institutions such as BSP, Pag-IBIG, The Philippine Bayanihan Society Singapore (PBSS), Philippine Chamber of Commerce in Singapore, Arthaland Land, Vista Land, Alveo Land, and Armed Forces of the Philippines, among others.

In 2022, the Bank transitioned to the "new normal" set-up using various modes of communication. Learning sessions, webinars, and roundtable discussions were conducted locally and abroad via face-to-face and virtual platforms such as MS Teams, Zoom, and Meta or Facebook Live to an estimated 14,593 participants from identified target groups such as borrowers, lenders, professionals, skilled workers, investors, entrepreneurs, students, teachers, police officers, religious groups, and even among church communities, and overseas Filipinos and their dependents. Among the topics discussed were money management and saving tips, growing money through investing, economic and market forecasts, availing loans, and PNB products and services.

As of 2022, we generated a total of 5,770,278 checking and savings account, and 2,871 consumer loan accounts.

Responsible Corporate Citizenship and Community Engagement

GRI 3-3, 413-1, 413-2

SDG 3, 4, 15, 17

Together with our CSU, HRG, and other PNB units, we develop, implement, and monitor CSR and volunteerism activities for the Bank and its employees. Email notices containing information on the activity, registration links, and even activity guidelines are sent out to employees to announce any scheduled activity or initiative.

To encourage participation, we provide free meals, free activity shirt, and tools / materials for undertaking. Area and branch employees, as well as employee interest groups or clubs, can organize and conduct their own CSR or community outreach activities with support from the Bank. These activities are documented and posted on the internal communications channel of the Bank - the PNB Engage. Employee volunteers may also enter their CSR or community outreach activities to the Best CSR and Sustainability category of the bank-wide Service Excellence

Awards Recognition Program where they can win prizes that they can donate or use to support their advocacies. Below are the significant CSR and employee volunteerism activities of the Bank in 2022:

- ***Partnership with TYKFI for the Dr. Lucio C. Tan Green Legacy Program***

In the third quarter of 2022, our Bank rolled out an Online Sustainability Materiality Survey for its employees and external stakeholders such as the customers, vendors / third-party service providers, regulators, outsourced personnel, and community partners.

Using the random sampling method, the online survey generated 1,810 survey respondents out of the 2,495 target respondents. The online survey generated a list of 20 material sustainability topics and themes.

As a gesture of gratitude to stakeholders, the Bank and our employee volunteers intend to collaborate with TYKFI's Dr. Lucio C. Tan Green Legacy Program for a tree-planting initiative in 2023.

- ***PNB CommuniTree: Together as One for the Environment***

In celebration of the Bank's 106th anniversary, PNB partnered with Tan Yan Kee Foundation, Inc. to organize a tree-planting activity for Philnabankers in Brgy. Mamuyao, Tanay, Rizal last July 30, 2022. A total of 833 seedlings of falcata tree (*paraserianthes falcataria*) were planted by the Philnabankers from North Metro Manila Region under the supervision of TYKFI representatives and community partners in the one-hectare land adopted by the Bank in the area. In addition, Philnabankers in other parts of the country planted a total of 1,150 forest- and fruit-bearing tree seedlings / saplings.

- ***Donation of Decommissioned Computers for Public Schools***

Our Bank donated 30 decommissioned desktop computers and a laptop to the Dr. Pablito V. Mendoza Senior High School in Bustos, Bulacan last December 7, 2023. Instead of throwing away old computers after a system upgrade, the Bank repairs/refurbishes, and donates these units to NGOs or public schools. Since 2019, PNB has been donating decommissioned computers to drive environmental, social, and educational value.

- ***Emergency Response for Communities through PNB Ambulance Units***

Two ambulance units donated by PNB to the Philippine Red Cross in 2020 continue to provide emergency response to their assigned communities.

For 2022, the unit assigned in Bohol provided a total of 23 ambulance runs and serviced 44 individuals in need of medical transportation. The ambulance unit assigned in Guinoog, Misamis Oriental on the other hand, responded to 101 emergency responses and serviced 51 individuals needing medical assistance / transportation.

CARING FOR OUR PEOPLE

Our people will always be our most valued asset. By helping our employees succeed and improve their well-being, we are also helping PNB become stronger and sustainable.

At the forefront of building and developing the Bank's talent pool and promoting an inclusive and collaborative work culture is our Human Resource Group. It has the role and the responsibility of recruiting, developing, and retaining the right talents for overseas and domestic assignments. Our holistic employee programs and activities are geared towards promoting and improving the various aspects of the Philnabankers' welfare.

Philnabankers in the Post-Pandemic Era

GRI 2-6, 2-7, 2-30, 202-2, 3-3, 401-1, 405-1

SDG 5, 8, 10

As of December 2022, the Bank had a total of 8,318 full-time and permanent employees. Women employees took up 66% or 5,523 of the total employee population while male employees comprised 34% or 2,795 of the Bank's talent pool. This includes 54 retired employees (14 males and 40 females) who were previously re-hired under management contracts.

For the reporting period, 1,796 (21.59%) of employees adopted the alternating work arrangement (AWA) set-up.

Employee Breakdown by Gender

	GENDER	NO. OF EMPLOYEES	TOTAL
2020	Female	6,014	9,071
	Male	3,057	
2021	Female	5,745	8,656
	Male	2,911	
2022	Female	5,523	8,318
	Male	2,753	

Source: PNB Human Resource Group

Employee Breakdown by Contract, Position, Gender, and Age

CATEGORY	MALE	MALE	MALE	FEMALE	FEMALE	FEMALE	TOTAL
Contract	<30 y.o.	30-50 y.o.	>50 y.o.	<30 y.o.	30-50 y.o.	>50 y.o.	
Regular	548	1,608	495	1,185	3,027	1,002	7,865
Probationary	87	27	16	166	51	52	399
Contractual/Fixed Term	0	0	14	0	0	50	54
Total	635	1,635	525	1,351	3,078	1,094	8,318
Position							
Officers	0	94	103	1	122	162	482
Managers	134	867	308	231	1,708	722	3,970
Supervisors	0	0	0	0	0	0	0
Rand and File	501	674	114	1,119	1,248	210	3,866
Total	635	1,635	525	1,351	3,078	1,094	8,318

Source: PNB Human Resource Group

Breakdown of Employees per Gender and Island Group

	GENDER	REGION	NO. OF EMPLOYEES	TOTAL
2022	Female	NCR	3254	5,523
		Luzon	1155	
		Visayas	618	
		Mindanao	494	
		Overseas	2	
	Male	NCR	1820	2,795
		Luzon	411	
		Visayas	267	
		Mindanao	293	
		Overseas	4	
				8,318

Source: PNB Human Resource Group

Gender Breakdown per Gender and Rank

	2020			2021			2022		
RANK	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
President	0	1	1	0	1	1	0	1	1
Executive Vice President	1	4	5	1	3	4	1	3	4
First Senior Vice President	4	1	5	5	6	11	6	6	12
Senior Vice President	13	8	21	12	5	17	11	13	24
First Vice President	18	18	36	14	20	34	18	16	34
Vice President	32	28	60	30	24	54	38	29	67
Senior Asst Vice President	80	53	133	91	55	146	90	51	141
Assistant Vice President	122	70	192	120	69	189	121	78	199
Senior Manager	184	147	331	202	151	353	204	147	351
Manager 2	285	156	441	291	168	459	304	150	454
Manager 1	539	278	817	566	269	835	544	278	822
Assistant Manager 2	929	363	1292	919	359	1278	918	377	1295
Assistant Manager 1	916	441	1357	841	422	1263	691	357	1048
Senior Specialist	225	159	384	200	144	344	194	129	323
Specialist	244	152	396	233	132	365	208	120	328
Senior Assistant	428	224	652	412	219	631	405	213	618
Assistant	880	411	1291	832	381	1213	831	369	1200

Senior Clerk	1114	541	1655	976	482	1458	939	457	1396
Junior Clerk	0	2	2	0	1	1	0	1	1
TOTAL	6,014	3,057	9,071	5,745	2,911	8,656	5523	2795	8318

Source: PNB Human Resource Group

Gender Breakdown per Group

	2020			2021			2022		
Group	Female	Male	Total	Female	Male	Total	Female	Male	Total
CORPORATE SECRETARY'S OFFICE	14	4	18	4	17	21	6	16	22
CREDIT MANAGEMENT GROUP	160	175	335	167	148	315	158	147	305
ENTERPRISE INFORMATION & CYBER SECURITY GROUP	8	11	19	10	9	19	14	15	29
ENTERPRISE SERVICES SECTOR	175	176	351	174	172	346	167	167	334
FINANCIAL MANAGEMENT SECTOR	82	41	123	43	94	137	41	90	131
GLOBAL BANKING AND MARKETS SECTOR	30	21	51	18	36	54	26	56	82
GLOBAL COMPLIANCE GROUP	34	21	55	21	35	56	17	29	46
HUMAN RESOURCE GROUP	57	23	80	20	56	76	21	50	71
INFORMATION TECHNOLOGY GROUP	150	247	397	244	144	388	236	129	365
INSTITUTIONAL BANKING SECTOR	245	109	354	97	242	339	94	242	336
INTERNAL AUDIT GROUP	87	49	136	55	88	143	49	84	133
MARKETING AND BRAND MANAGEMENT SECTOR	25	18	43	17	22	39	15	26	41
OFFICE OF THE CORPORATE TREASURER	21	3	24	2	16	18	2	18	20
OFFICE OF THE PRESIDENT	2	3	5	4	2	6	4	2	6
OPERATIONS GROUP	546	331	877	300	518	818	433	549	982
PUBLIC AFFAIRS GROUP	5	2	7	3	8	11	3	6	9
RETAIL BANKING SECTOR	4123	1707	5830	1636	3955	5591	1365	3560	4925
RISK MANAGEMENT GROUP	44	19	63	25	48	73	20	42	62
STRATEGY SECTOR	15	7	22	0	0	0	0	0	0
Trainees (BOTP, JEDI, MTP)	108	58	166	40	47	87	46	92	138
TRUST BANKING GROUP	58	23	81	19	65	84	19	69	88
RETAIL LENDING GROUP	0	0	0	0	0	0	59	134	193

Grand Total	6,014	3,057	9,071	5,747	2,911	8,656	2795	5523	8318
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Source: PNB Human Resource Group

For 2022, 4,713 or 57% of the total employee population are within the 30- to 50-year-old age range, with more women within the said age range at 65.31% (3,078) compared to men at 34.69% (1,635).

Majority of the employees (5,074 or 61%) are from the National Capital Region, with women comprising 64.13% and the men at 35.87% of the total employees from this area. This is expected as the Bank has more offices and branches located in the NCR than the rest of the regions. For our offices and branches in the provinces, we hire employees from the same localities as much as possible. On the other hand, we help relocate our employees who wished to be assigned to our overseas offices and branches on a temporary or permanent assignment.

Four hundred eighty-two (482) or 5.79% of our total employee population are officers, 3,970 are managers (47.73%), and 3,866 (46.48%) are from rank and file. Four hundred eighty-two (482) of the employees hold key management positions from the rank of AVP to President. From this figure, 285 or 59.13% are women leaders from the rank of AVP to EVP while men leaders comprise 40.87% (197) from the rank of AVP to President.

The Retail Banking Sector, to which the Branch Banking Group belongs, followed by the Operations Group, Information Technology Group, Institutional Banking Sector, and Enterprise Services Sector continued to have the highest number of employees for three consecutive years. The Information Technology Group, Enterprise Services Sector, and Credit Management Group still continued to have the highest number of female employees.

Our Transformation Office leads the Bank's branch rationalization initiative and movements of certain business and support units within the organization. The said office also reviews the Bank's efforts towards resource optimization, especially in the use of technology. Hiring of new employees, particularly for senior officer positions, goes through a strict review process and are subject to Corporate Governance Committee and Board approvals.

In 2022, we had 674 new hires, comprising 8.10% of the total employee population. Our hiring rate increased by 203% from the 222 new hires in 2021. There were more women new hires in 2022 at 64.698% (436) compared to male new hires at 35.31% (238).

In addition, majority of the new hires are from ages 30 years old and below (68% or 458), with most of them within the rank-and-file level (407) and hailing from the National Capital Region (33%).

To attract talents, we participated in career talks and job fairs in partnership with reputable colleges and universities, provided internship programs for students, and used social media channels.

Breakdown of New Hires per Age, Gender, and Rank

	2022			2021			2022		
AGE RANGE OF NEW HIRES	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Under 30	275	112	387	98	43	141	307	151	458
31 to 50	333	183	516	44	35	79	120	78	198

51 and over	17	25	42	1	1	2	9	9	18
Total	626	319	945	143	79	222	436	238	674

Source: PNB Human Resource Group

Breakdown of 2022 New Hires per Island Group

AGE RANGE	FEMALE	MALE	TOTAL
Under 30			
• NCR	188	79	267
• Luzon	43	23	66
• Visayas	45	21	66
• Mindanao	31	28	59
• Overseas	0	0	0
31-50			
• NCR	90	68	158
• Luzon	12	3	15
• Visayas	13	5	18
• Mindanao	5	2	7
• Overseas	0	0	0
Over 50			
• NCR	6	8	14
• Luzon	3	1	4
• Visayas	0	0	0
• Mindanao	0	0	0
• Overseas	0	0	0
Total:	436	238	674

Source: PNB Human Resource Group

Our management allows lateral transfers of employees from one unit or assignment to another whenever there are vacancies. Internal applicants go through a series of career discussions and are sometimes asked to take exams to assess job fit. For 2022, there were a total of 5,346 employee lateral transfers within the Bank.

Moreover, the Bank, at its sole discretion, may engage the services of individuals with specialized skills / expertise under a management contract / consultancy arrangement, outsourced personnel, and even project hires to fulfill specific and defined requirements such as help propel the Bank's business, its expansion, and other diversification programs.

We also have on-the-job (OJT) trainees from reputable colleges and universities in Metro Manila to acquaint the students with real-life corporate environment. These students who underwent on-the-job training were also our source of candidates for the Bank's future manpower requirements.

For 2022, the Bank's attrition rate was 12.16% (1,032 employees with voluntary and involuntary separations, excluding those with End of Contracts or EOC), an increase of 4.92% from 2021. Out of this number, 805 employees or 9.49% are voluntary separations due to resignations and early retirements.

The highest attrition bank-wide are females at 507 or 62.98%, while the age bracket of 26-41 has the highest number of employees who left the Bank among all age groups at 511 or 63.48%. In terms of rank, more employees at the Rank-and-File level (435 or 54.03%) (432 or 53.66%) left the Bank. More employees (422 or 52.42%) with 0-5 years of service rendered also left the Bank.

Gender	Officer	Rank-and-File	No. of Separations	Attrition Rate
Female	221	286	507	62.98%
Male	149	149	298	37.02%
Grand Total	370	435	805	100.00%

Source: PNB Human Resource Group

AGE	NO. OF SEPARATIONS	ATTRITION RATE
25 BELOW	136	16.89%
26-41	511	63.48%
42-57	151	18.76%
58-67	7	0.87%
Grand Total	805	100.00%

Source: PNB Human Resource Group

TENURE	NO. OF SEPARATIONS	ATTRITION RATE
0 TO 5	422	52.42%
6 to 9	127	15.78%
10 to 14	119	14.78%
15 to 19	52	6.46%
20 to 24	12	1.49%
25 to 29	33	4.10%
> 30	40	4.97%
Grand Total	805	100.00%

Source: PNB Human Resource Group

Our Employee Compensation and Benefits Package

GRI 2-30, 401-2, 401-3

SDG 5, 8, 10

We exercise fairness and non-discrimination in designing our remuneration and rewards package. We ensure that our employees' salary and benefits package are based on their assigned role, competency level, work performance, previous work experience, certifications, and employment tenure, among others. Our employees' gender orientation, personal preferences, and background are not determining factors of work assignment, salary, benefits package, training and development, and even promotion.

Our Bank regularly reviews and improves its remuneration and benefits package for employees by aligning it with existing labor laws, current banking industry practices, and with the ongoing Collective Bargaining Agreements (CBA) to ensure that we remain competitive. Any change in the remuneration and rewards package of the employees is presented to the Corporate Governance Committee and the Board of Directors for review and approval.

We provide competitive salaries and law-mandated benefits to our employees that include sick, emergency, and vacation leaves. In addition, we provided our employees with COVID-19 Quarantine Leave (CQL) for a maximum of 10 days for reporting onsite and five days for working from home.

Other leaves that we provide to eligible employees include birthday leave, emergency leave, solo parent leave, paternity and maternity leaves, bereavement leave, special leave for female employees, and special leaves for victims of violence under the Anti-Violence Against Women and Children Act (VAWC) of 2004.

In addition, we also provide a comprehensive health care plan, group life insurance coverage, retirement plan, guaranteed bonuses, free uniforms or uniform allowance, holiday pay, monthly rice subsidy, loyalty awards, and financial death allowance to all employees.

Eligible employees can also avail of car plans, housing loans, and even personal loans. They can also extend their health care plan to their dependents and even apply for scholarship for their children dependents through Tan Yan Kee Foundation, the CSR arm of the Lucio Tan Group of Companies.

For 2022, there were a total of 439 employees who took parental leaves, 368 or 83.83% of which are female. The Bank's return rate for men and women employees who took parental and solo parental leave was at 100%. Retention rate for employees who took parental leaves was at 95.39%, while retention rate for those who availed of solo parental leaves was at 93%.

Benefits Breakdown in 2022

TYPE OF BENEFITS	# OF WOMEN WHO AVAILED	# OF MEN WHO AVAILED	TOTAL
SSS	273	213	486
PhilHealth	164	73	237
Pag-IBIG	223	103	326
Parental leave	368	71	439
Vacation Leave	2,586	1,210	3,796
Sick Leave	2,609	1,167	3,776
Medical benefits (aside from PhilHealth)	N/A	N/A	N/A
Housing assistance (aside from Pag-IBIG)	N/A	N/A	N/A
Retirement fund (aside from SSS)	111	25	136
Further education support	N/A	N/A	N/A
Company Stock options	N/A	N/A	N/A

Telecommuting	33	16	49
Flexible working hours	1,109	773	1,882

Source: PNB Human Resource Group

Parental Leave

	2020			2021			2022		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Total number of employees that were entitled to parental leave	130	6	136	141	7	148	237	69	306
No. of qualified employees who took parental leave	128	6	134	141	7	148	237	62	299
No. of qualified employees who took parental leave and returned after the leave expired	128	6	134	137	7	144	237	62	299
Return to Work Rate	100%	100%	100%	97.3%	97.3%	100%	100%	100%	100%
Among those who availed the parental leave in 2022 how many of them returned and are still with the company in 2022							128	7	135
Total number of employees that took parental leave in 2021							141	7	148
Retention Rate							90.78%	100%	95.39

Source: PNB Human Resource Group

Solo Parental Leave

	2022		
	FEMALE	MALE	TOTAL
Total number of employees that were entitled to parental leave	173	11	184
No. of qualified employees who took parental leave	131	9	140
No. of qualified employees who took parental leave and returned after the leave expired	131	9	140
Return to Work Rate	100%	100%	100%

Among those who availed the parental leave in 2022 how many of them returned and are still with the company in 2022	130	7	137
Total number of employees that took parental leave in 2021	141	7	148
Retention Rate	92%	100%	93%

Source: PNB Human Resource Group

Employee Learning and Development

GRI 3-3, 404-1, 404-2, 404-3

SDG 4, 5, 8, 10

We always put human capital development at the forefront of our people strategy. We provide access to learning opportunities to our employees to help them improve their productivity, self-sufficiency, and quality of life. Our Human Resource Group's Institute for Banking Excellence (IBE) ensures that capacity-building activities for employees across the organization are aligned with the strategic objectives, mission, goals, and values of the Bank.

We design our training activities and programs based on the learning and development needs of our employees. These include New Hires Orientation; foundation and regulatory training (i.e., data privacy and security, anti-money laundering, etc.); behavioral, supervisorial, management, and leadership training; sales and service training (i.e., branch-teller, detecting counterfeit money, internal control consciousness, info-tech awareness, etc.); and technical / specialized training (i.e., business writing, presentation skills, use of MS Office, etc.), among others.

In addition, we also provide trainings for our employees on self-management, communication, developing empathy and resilience, stress management, and adapting to hybrid work to help them cope and thrive in the "new normal". Other training topics provided to employees were on diversity and inclusion, whistleblower policy, product orientation, digital fluency, and financial literacy.

We also send our employees to external trainings on specialized topics such as sustainability, corporate social responsibility, Lean Six Sigma, basic first aid, and disaster response, among others.

Our Bank has three key leadership programs for our new hires and homegrown talents. The Junior Executive Development Institute (JEDI) is the leadership program for high-potential new hires. The Management Training Program (MTP) is the leadership program for homegrown rank-and-file employees with the potential to assume officer responsibilities. The Branch Operations Training Program (BOTP) is the leadership program for branch staff-level employees to help them transition to the branch officer role or function. To date, the Bank has a total of 558 JEDI graduates, 662 MTP graduates, and 1,476 BOTP graduates.

Part of our holistic approach to developing competencies is having a formal mentoring program. In 2022, we launched a new mentoring program called "**PNB-Bloom**" (*Building Leaders by Opening Opportunities thru Mentoring*) to support leadership development through mentorship. It aims to leverage on workplace mentoring as a tool to retain and engage high-potential employees and ultimately provide a steady supply of capable leaders for the Bank.

The program commenced with IBE partnering with the Center for Innovation, Change and Productivity (CICP) to conduct the first batch of a mentor certification workshop entitled "Mentoring the Next Generation Leaders". This aimed to tool/re-tool mentors as they navigate

through the new work environment. This certification program also gave them an opportunity to practice the skills they developed with the mentees assigned to them. By developing and recognizing mentors and mentees within the Bank, we will instill a passion for mentoring, strengthen our mentoring culture, and support the sustainability thrust of PNB. For the pilot batch of this program, 29 mentors, composed of leaders nominated by their group heads, participated.

A Succession Management Program has also been established to ensure availability of talents with potential and required competencies and who are ready to assume vacant critical positions as the need arises. Further, individual developmental plans for identified successors are developed and closely monitored to address identified learning gaps.

In 2022, we sent ten (10) officers (5 women and 5 men) to the Asian Institute of Management's Management Development Program who are expected to graduate in 2023. This program is an enhanced and accelerated leadership program which is tailor-fit for executives and leaders who are constantly managing change in order to lead, inspire, and transform a hyper-connected workforce. Often tagged as a full-360, non-degree mini-MBA, the program primes participating executives for self-awareness, personal mastery, and transformative leadership in today's business context. The program is designed to challenge the participant's mental toughness, management cadence, big-picture thinking, insightful learning, and collaborative leadership.

RANK	NO. OF PARTICIPANTS IN THE MANAGEMENT DEVELOPMENT PROGRAM
Rank and File	0
Managers	1
Supervisors	0
Officers	9
TOTAL	10

Source: PNB Human Resource Group

We encourage all our employees to have at least thirty-two (32) hours of training every year, which forms part of their accomplishment in the performance review. To maximize the use of LinkedIn Learning, learning engagement activities have been instituted for the personal development of employees through the Monthly Themed Learning Journeys. Moreover, to facilitate compliance and mandatory training, special training content such as the Anti-Money Laundering and the Information Security Awareness Training (ISAT) modules are being hosted in the platform, eliminating the need to manually deploy learning materials and assessment. As of December 2022, we have activated 99.10% employees on the LinkedIn Online Learning platform with 565,718 course completions.

For 2022, a total of 8,283 or 99.58 % of the total employee population received 404,506 training hours, with an average of 48.83 training hours per employee. Of the total number of trained employees, more women (5,499 or 66.39%) attended in-house and external trainings than men (2,789 or 33.61%). Employees in the rank-and-file also received more trainings for the reporting period, logging in a total of 245,519 training hours.

We have feedback mechanisms in place to assess the effectiveness of our capacity-building activities, and these include the use of feedback forms, post-training exams, self-assessment questionnaires, and formal/ informal feedback from the trainees' immediate superiors on how the learning has impacted the trainees' ability and attitude at work. We also review and enhance our

learning and development programs regularly based on regulatory requirements and recommendations of the participants, experts in the field, and the management.

Training Hours by Gender

	2020			2021			2022		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
No. of Employees	6,014	3,057	9,071	5,745	2,911	8,656	5,499	2,784	8,283
No. of Training Hours	152,265.50	86,928.00	239,193.00	140,141.33	90,580.45	230,721.78	267,921.00	136,585.00	404,506.00
Average No. of Training Hours Per Employee			26.37			26.65			48.83
Average No. of Training Hours Per Gender	25.32	28.43		24.39	311.11		48.72	49.0	

Source: PNB Human Resource Group-Institute of Banking Excellence

Training Hours by Rank

	2020			2021			2022		
	OFFICERS	RANK AND FILE	TOTAL	OFFICERS	RANK AND FILE	TOTAL	OFFICERS	RANK AND FILE	TOTAL
No. of Employees	4,691	4,380	9,071	4,644	4,012	8,656	4,441	3,842	8,283
No. of Training Hours	67,263.00	171,930.50	239,193.50	90,730.25	139,991.53	230,721.78	158,987.00	245,519.00	404,506.00
Average No. of Training Hours	14.34	39.25	26.37	19.54	34.89	26.65	35.80	63.90	48.83

Source: PNB Human Resource Group-Institute of Banking Excellence

We conduct regular performance reviews to measure and evaluate the employee's performance, strengths, areas for improvements, and career growth and development. For administration, a semi-annual review of the rank & file's performance is conducted while an annual review and submission of performance evaluation report is done for the officers.

As of December 2022, 100% of our employees received regular performance and career development reviews. A total of 1,041 (12.03%) employees were promoted, with 677 or 65% women promoted and 364 or 35 % of men promoted.

Ensuring the Safety, Health, and Wellness of Our People

GRI 2-8, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 410-1
SDG 3, 8

Our employees' safety is important to us. We commit to provide a safe and secure working environment for all our employees. Workplace safety and security are part of our Bank's risk management practices.

All our employees are covered by the health and safety policies of the Bank that cover various facets. Our Bank's policies are based on the Occupational Safety and Health (OSH) Act, Department of Labor and Employment (DOLE) provisions, Anti-Sexual Harassment Act of 2007 and Safe Spaces Act. We also ensure that our safety and security programs are at par with our peers in the industry. To do this, we conduct regular reviews and updates of our safety and security programs.

We have an Occupational Safety, Health, and Family Welfare (OSHFW) Committee composed of representatives from both the management and employees, with the latter represented by labor union employees. This committee meets regularly to discuss and manage reported work-related hazards. It also monitors and evaluates existing initiatives by ensuring that these are aligned to current general government labor requirements.

Among the committee's initiatives include the conduct of OSH/safety awareness program, dissemination of safety advisories through different channels on current natural and/or man-made calamity situations, disaster/emergency response training for PNB employee floor marshals, regular fire and earthquake drills at head offices, first aid training, deployment of emergency responders, and safety inspection/assessment of branches. Work-related incidents are reported to the committee and are covered by the Bank's Guidelines for Notification and Keeping of Records of Accidents or Illnesses at the Workplace.

We identify occupational hazards from occupational risks through parameters identified by the DOLE. Our Risk Management Group constantly studies and assesses these risks.

We have a business continuity plan (BCP) that is being followed by all units and employees during disasters/calamities or any situation that could affect or disrupt our business and operations. This BCP is regularly reviewed and updated to enable the Bank to continue its operations even when disasters or calamities happen.

All our employees, whether on permanent or probationary status, are provided HMO and Group Accident Insurance coverage on the day they start working in the Bank. We also advise our employees to undertake annual physical examination to monitor their health condition.

Our health and safety policies are communicated through email blasts, virtual group huddles/meetings and issuance of memoranda. Our health and safety programs and trainings for employees, on the other hand, are made available through release of email notices or advisories. We also promote health and wellness by releasing health advisories and bulletins and organizing fitness activities.

We provide regular trainings for our employees, specifically those appointed as Safety Officers at PNB offices and branches, on Basic Occupational Safety and Health Program, Safety Program Audit, Loss Control Management, Standard First Aid and Basic Life Support, and Disaster

Preparedness. Trainings are evaluated through feedback channels, discussions, and surveys by the organizer and the Bank's training team.

We adopted a telecommuting work policy and a hybrid work arrangement for our employees. These are updated based on the current situation. Employees are always advised to wear their masks onsite and to observe physical distancing and health protocols while within the office and branch premises.

In terms of securing and protecting our people, customers, and assets in all our offices and branches, our Corporate Security Group (CSG) under the Enterprise Services Sector has been very active at the forefront.

Embedded in CSG's Security Program is a hybrid Integrated Security System interfacing the strength and competence of both its organic and non-organic security personnel, monitoring and securing PNB personnel and premises on a 24/7 basis.

Complementing its Guard Manning System, the group conducts regular and random/targeted security survey and assessment of local branches and offices nationwide including security assessment of all offsite ATMs. CSG has also been at the forefront of pursuing and apprehending internal and external fraudsters within the Bank.

The Bank ensures that members of our security force are regularly updated in their trainings, individually and as a group, not only in the areas of security and safety but as well as disaster management and emergency response. As part of our pre-requisite in deploying security personnel, CSG ensures that all members of the security force are licensed and have undergone "In-Service Enhancement Training" which includes guidelines on good customer service, good manners and right conduct, and policies on violation and lapses. Also, related topics on gender equality and diversity and basic human rights are integrated in the training program of third-party service providers engaged by the Bank.

Our Corporate Security Group continues to innovate in its practices to deliver the best security initiatives.

In 2022, the Bank has a total of 3,046 outsourced personnel assigned in different offices and branches nationwide and in our host countries.

Breakdown of PNB Outsourced Personnel by Role, Age, and Location of Assignment

	Type of Service Rendered	Luzon			Visayas			Mindanao			Overseas			Total
		< 30 y.o.	30-50 y.o.	> 50 y.o.	< 30 y.o.	30-50 y.o.	> 50 y.o.	< 30 y.o.	30-50 y.o.	> 50 y.o.	< 30 y.o.	30-50 y.o.	> 50 y.o.	
2022	Security		1,466			395			339			2	1	2,203
	Maintenance	12	22	1							1			36
	Janitorial/ Housekeeping	127	352	50	31	70	17	32	62	4		3	6	754
	Clerical	1												1
	Driver	1	27	15										43
	IT-related	30	10	2										
	Messengerial											9		9
Total		171	1,877	68	31	465	17	32	401	4	1	14	7	3,088

Source: PNB Administration Group, Corporate Security Group, Information Technology Group, RBS-Branch Banking Group, and International Banking and Remittance Group

	PNB OFFICES	Age Group			Total
		< 30 y.o.	30-50 y.o.	> 50 y.o.	
2022	NCR/Luzon	171	1,877	68	2,116
	Visayas	31	465	17	513
	Mindanao	32	401	4	437
	Overseas	1	14	7	22
	Total	235	2,757	96	3,088

Source: PNB Administration Group, Corporate Security Group, Information Technology Group, RBS-Branch Banking Group, and International Banking and Remittance Group

For the reporting period, there were no reported work-related illness, injuries, or fatalities among our employees or any of the outsourced personnel of the Bank.

Managing Labor Relations

GRI 2-30, 3-3, 402-1

SDG 8, 10, 16

Our Bank continues to enjoy the industrial peace that is the fruit of cooperation and collaboration, anchored on mutual trust and respect, between the top management and the labor union.

Forty-six percent (46%) or 4,012 of the total employee population are covered by the Collective Bargaining Agreement (CBA) of the Bank, 3,844 or 44% of the total employee population are union members, with more female members (2,542) compared to male members (1,302).

As practiced, we provide 30 days or a minimum of 4 week's notice to our employees and prior to the implementation of significant operational changes that could substantially affect them, particularly for cases of redundancies, change of assignments or roles, and lateral transfers. Aside from issuing a formal letter to the concerned employees, we also communicate these changes through release of email advisories, especially for employees with significant change of management assignments or roles.

We hold Labor Council Management Meetings so the union and the management can discuss employee concerns, clarify HR policies, and collaborate on initiatives. We also have a grievance mechanism in place to address or resolve any misunderstanding, dispute, or controversy between the Bank and any covered employee and / or arising from the interpretation and implementation of any provision of the existing Collective Bargaining Agreement (CBA) between the employee union and the Bank, and / or between the Bank and any covered employee.

The Bank's labor union continues to negotiate for better work terms and conditions for employees through collective bargaining and negotiations. The CBA was again successfully renewed for another three 3 years covering the period from July 1, 2022 to June 30, 2025.

As part of the initiative of the management, representatives of the labor union were invited to attend labor education seminars for employees to assist in clarifying and providing guidance on the policies of the Bank, and to discuss the responsibilities of the union members as Philnabankers.

Promoting Lawful and Ethical Behavior

GRI 2-24, 2-25, 2-26, 3-3, 205-1, 205-2 205-3

FN-CB-510a.2.

SDG 16

Our Bank subscribes to the highest standards of corporate governance. We are committed to uphold the public's trust by ensuring that our employees conduct themselves lawfully and ethically.

We continue to assess our operations for risks related to bribery and corruption, particularly our outsourcing and vendor management practices. We also check for any complacency in control measures, short-cuts in the observance and non-implementation of policies, and deviations from the standard operating procedures (SOPs) of the Bank.

To ensure that all employees conduct themselves ethically, we have developed and disseminated policies and guidelines on the following: Code of Conduct, Corporate Governance, Selling of PNB Securities, Soliciting and / or Receiving Gifts, Personal Investment, Whistleblowing, Office Decorum, and Anti-Bribery / Anti-Corruption policies. These policies are continuously strengthened, cascaded, and reinforced in all communication and training programs until these are embedded and institutionalized as part of the practices and culture of the organization. Moreover, these policies are regularly revisited and updated to ensure their relevance to current work situations.

New employees are required to read and understand the policies prior to their onboarding. They are also oriented on these policies during the New Hires Orientation. All employees can easily access these policies and guidelines through the Bank's intranet facility, and through the PNB website for some policies.

Employees who violate the policies are sanctioned in accordance with the Bank's Code of Conduct. We have an Ethical Standards Committee (ESC) which functions as the Disciplining Authority of the Bank. This committee is composed of senior bank officers from various groups and is tasked to convene and investigate serious administrative offenses committed by the employees. It deliberates on issues, particularly on the administrative and financial accountability of the Bank's employees and recommends policies that will properly address the Bank's concerns, interest, and security. We also have a Committee on Decorum and Investigation (CoDI) which is the Bank's Disciplining Authority that has an exclusive jurisdiction over sexual harassment cases.

To encourage "speak up" culture within the organization, we continue to disseminate the Whistleblower's Policy through webinars and internal email advisories for our employees. This policy puts in place a mechanism for reporting erring behavior that violates the Bank's policies and code of conduct. Any report is handled with the highest level of confidentiality and the reporting employee is ensured protection from retaliation, reprisal, threat, bullying, or intimidation.

Aside from ensuring that our employees behave in an ethical manner, we also make sure that they are made aware of banking laws, rules, and regulations, as well as policies and procedures that are relevant to their respective areas of responsibility through regular conduct of basic compliance refresher trainings and release of email advisories or reminders.

As of December 2022, there were no reported incidents of bribery and corruption among employees, outsourced personnel, or with the Bank's suppliers / vendor and third-party service providers.

Our Commitment to Gender Equality and Inclusion

GRI 3-3, 406-1

SDG 5, 8, 10, 16, 17

We are committed in providing our employees an inclusive and gender-balanced workforce. We demonstrate this by adopting and observing the principles of diversity and inclusion across all people programs of the Bank such as recruitment, promotion, career development, training, pay administration, as well as in any employee engagement activities of the Bank.

We also observe these principles in the execution of marketing strategies and development of marketing materials which follow the Bank's general policy on gender equality, and diversity and inclusion. The Bank ensures that its marketing collaterals, as well as communication materials, produced internally or through an agency, are gender-neutral, inclusive, and portray women in realistic, diverse, and respectable manner.

We continue to provide a safe and secure working environment for our employees. We have established policies on diversity and inclusion, gender equality, anti-sexual harassment, and whistleblowing. We strictly implement our Anti-Sexual Harassment Policy and Whistleblower Policy to ensure the protection of our employees of all genders. The policies include provisions on what constitutes the acts of harassments, adding anti-retaliation provisions; extending the coverage beyond our own employees to our external stakeholders such as outsourced personnel, vendors / suppliers, and even interns; and establishing whistleblowing channels.

In 2022, the Bank was awarded for the second year in a row by a joint program of the European Union and the UN Women as *Runner Up for Transparency and Reporting* in the UN Women 2022 Philippines Women's Empowerment Principles (WEPPs) Awards. PNB was recognized for commitment to transparency and reporting that reflects gender data and indicators, with the intention to measure, analyze, and report on performance and impact of gender on its adaptive policies and programs, tracking performance in progress towards gender equality, and women's economic empowerment.

Including gender data in sustainability reporting is important to reflect the level of support and commitment that we have for gender equality. Reporting gender data and the results of our efforts helps us gain access to the most important resource –our people. At PNB, we want to attract and retain valuable talent – regardless of gender. This is especially relevant as more women join the workforce.

We also renewed our membership with the Philippine Business Coalition for Women (PBCWE) to further improve our gender equality and inclusion policies and practices. We plan to integrate gender equality and inclusion principles in our business and operations by using gender lens in financing projects and businesses of clients; inviting more women-owned or managed businesses to become accredited service providers; developing sustainable and gender-responsive products and services; and introducing employee volunteerism activities to support corporate social responsibility.

For the reporting period, there were no reported incidents of discrimination among our employees, customers, third-party service providers, and outsourced personnel.

Recognizing Excellence at Work

We recognized our employees' contribution and efforts to inspire them to continue doing their best for the Bank and serve as role models to fellow Philnabankers.

We organized a hybrid Service Excellence Awards and Recognition Night to recognize loyal employee awardees, as well as honor employees who have gone above and beyond their line of work in the following areas: transformation, revenue generation, commitment to corporate social responsibility and sustainability, customer service and ideation/innovation. A total of 432 Philnabankers were recognized during the event consisting of loyalty awardees, and Service Excellence, What Outstanding Work! (WOW) and Circle of Excellence awardees.

In addition to the bank-wide recognition program, our Human Resource Group also acknowledges individuals and teams through the email campaign, Living Our Values Everyday (L.O.V.E.) Bulletin, which showcases the PNB core values as brought to life by employees.

Another program is Celebrate LOVE @ Work which is a month-long Valentine's celebration with activities aimed at building relationships, creating memories, reconnecting with clients and colleagues, raising funds to help employees in need, and promoting PNB products and services.

Moreover, our business units such as the Retail Banking Sector (RBS) and International Banking and Remittance Group (IBRG) also hold their respective virtual annual awards and recognition ceremonies to celebrate great achievements and honor top-performing employees.

Our Institutional Banking Sector (IBS) recently launched their Green Ribbon Recognition Program awards. This recognition program aims to promote the growth of green and social eligible loans portfolio of the Bank by recognizing Relationship Managers (RMs) and the lending unit's efforts to market, refer and book loans that are sustainable, thereby contributing to the Bank's overall sustainability objectives. It has two awards categories which will have two winners every year - the Green Ribbon Award for the loan account assessed as a "green project" and the Social Development Advocate Award for the loan account assessed to contribute positively to the society in general.

Promoting Wellness and Work-Life Balance

SDG 2, 3, 4, 8, 12, 13, 14, 15

We value and care for the overall well-being of our employees. We continue to develop and implement activities through different platforms to help our employees improve their physical, mental, and spiritual wellness, develop camaraderie among themselves, strengthen their social and organizational commitment, and promote work-life fit.

- **Health and Wellness**
GRI 403-6

The Bank, through our Human Resource Group, conducted various activities for holistic employee health and wellness that is focused on the employees' spiritual nourishment, physical and mental health, as well as financial wellness.

We sponsored virtual power classes on yoga; fun runs and cycling activities during the Bank's anniversary in July 2022 in partnership with the Anniversary Committee. We also provided health care coverage which includes Annual Physical Examination (APE), medical teleconsultation hotlines, 24/7 Mental Health Hotline via KonsultaMD; and an internal mental health hotline manned by an in-house certified Psychosocial Support Facilitator for our employees.

Webinars on mental health and developing good habits for employees (Mental Health in a Pocket: Your Guide in Understanding Workplace Well-Being, The Bakit List: A Conversation on Your Mental Health Why's, Psychological First Aid, and Make It A Habit: Building Good Habits and Breaking Bad On) in partnership with the Bank's healthcare provider.

- ***Cultivating Spiritual Wellness***

We launched our semi-monthly Spiritual Service Talk that covers various lessons from the Bible. Each session is led by a member (e.g. pastor, brother, or priest) of an established faith organization (i.e. CCF/The Feast/Archdiocesan Shrine of Nuestra Señora De Guia). This program aims to strengthen employees' personal values and sense of purpose.

- ***Communicating with and Engaging Philnabankers***

We continue to reach out and communicate with our employees through different channels to check on their conditions; listen to their recommendations and suggestions on how to improve our business and operations; and push messaging on the Bank's business objectives, strategy, and targets.

Aside from sending out advisories through email blasts and release of memoranda online, we also communicate any news or happenings inside the Bank among our employees through the channel, PNB Engage on SharePoint.

The PNB Engage on SharePoint is the Bank's official internal communications channel that features the following: messages and updates from the President; Philnabanker Communities; HR stories on the core values, internal job vacancies, and other employee-related matters; corporate sustainability initiatives; technology features; downloadable electronic greeting cards; awards and accolades of the Bank; press releases; and stories and updates from business and support groups.

In addition, we held Senior Management Team Meetings where the President, the group and sector heads, and their respective one-downs came together virtually via MS Teams to discuss key challenges and opportunities for the Bank, as well to discuss how to improve profitability and efficiency as we continue to execute the PNB Strategy.

We produced the *Mensahe Ng Pangulo*, which is a weekly audio-visual message of the President to all Philnabankers, particularly for the branch front-liners, to align them with our Bank strategy and share important messages that drive our success and help create a positive and more collaborative workplace. The *Mensahe Ng Pangulo* is released through MS Teams, Viber, and WhatsApp, and posted on PNB Engage. Business and support unit heads share and discuss the content with their teams during meetings.

During the first semester of the year, the Human Resource Group shared to the management the result of the employee engagement survey that was conducted in 2021. In October 2022, another employee engagement survey was conducted to help improve the Bank's overall organizational capability by leveraging on perceived strong points of PNB and addressing perceived weak points based on inputs from employees. The survey was participated in by 5,898 or 71% of the Bank's workforce.

We also launched the Sustainability e-Greeting Cards Project for our internal and external stakeholders in October 2022. The objective of this project is to help business and support units establish or maintain relations with their respective clients or external partners, as well as help the Bank communicate its business strategy and sustainability thrusts, activities, and initiatives to its external stakeholders for alignment of expectations. The project is also aligned to the Bank's thrust on sustainability as it promotes the use of online channels.

- ***Fresh Vegetables for Our Employees and Outsourced Personnel***

To help promote healthy eating, PNB employees and outsourced personnel were provided access to affordable fresh, organically grown, and affordable vegetables and fruits from the Tan Yan Foundation Inc.'s (TYKFI) farm in Nueva Ecija. Philnabankers can buy the fresh produce from Tan Yan Kee Foundation every week through the Corporate Sustainability Unit, and these are delivered to PNB Makati Center and Financial Center for free, or straight to their respective homes for a minimal delivery fee.

PNB's outsourced personnel can buy fresh produce at a very low price straight from TYKFI staff who deliver to PNB Makati Centre and Financial Centre every week. On Dr. Lucio C. Tan's birthday last June 2022, TYKFI distributed free organic vegetables to 385 outsourced personnel of the LTG.

- ***Project P.L.A.N.E.T. (Protect, Love, and Nurture the Environment Together) Campaign***

We continued our Project P.L.A.N.E.T. (Protect, Love, and Nurture the Environment Together) Campaign for the reporting period. It is an internal environmental awareness and carbon footprint reduction campaign for Philnabankers launched in July 2019.

In 2022, the campaign's messaging made use of global and local ESG observances like the World Wetlands Day and Plastic-Free July. Through the Project P.L.A.N.E.T., Philnabankers were provided tips on how to live more sustainably and help reduce their personal carbon footprint.

ESG Bulletins were also sent out with topics on the Bank's Sustainability Policy, Sustainability Definition, UN Sustainable Development Goals, Gender Equality and Diversity and Inclusion, Climate Change and Greenhouse Gases, etc. This creates awareness on relevant sustainability topics for Philnabankers.

- ***Digital Wellness and Sustainability Fair***

We promoted holistic employee well-being, sustainable lifestyle, and work-life harmony. We partnered with Philippine Airlines (PAL) to organize a Digital Wellness and Sustainability Fair with the theme of "*Welcoming Wellness and Sustainability in the Hybrid Workspace*" for the employees of both companies. The week-long fair offered online and

onsite activities, which included wellness webinars on career, social, financial, physical and community well-being.

- ***PNB Shirt for A Cause Project***

On the occasion of the Bank's 106th Anniversary Celebration, volunteers from IBS, HRG and PAG organized "*A Shirt for A Cause Project*". PNB shirts bearing the "Proud Philnabanker" slogan were sold to employees with the objective of promoting company pride. Proceeds from the sale of these shirts were donated to the Pagtutulungan ng Bayan Fund, an employee-giving campaign that raises funds to provide financial medical assistance to Philnabankers and their immediate relatives who are ill, involved in accidents, or victims of disasters.

A total of Php103,698.52 was raised during the campaign which ran from July 5, 2022 to July 29, 2022. The Cards and Payments Solutions Group matched the amount of fund collected by donating another P106,000.00 for the Pagtutulungan ng Bayan Fund. In addition to selling shirts, the Bank also encouraged Philnabankers to donate to the cause by using their PNB Credit Cards and donating their credit card rewards points.

- ***PNB Employee Volunteerism on Fire***
GRI 413-1, 413-2

As of December 2022, there were a total of 845 Philnabankers who rendered an estimated 2,775 volunteer manhours in their respective communities by organizing or joining community outreach or employee volunteerism activities such as packing and distribution of relief goods/food, tree-planting, coastal clean ups, community clean-up drives, gift-giving, feeding programs, bloodletting, and medical and dental missions.

Employee volunteers also participated in different fundraising activities and donations in-kind led by Philnabankers and by other non-government organizations. An estimated 1,665 children and adults, 832 families, and 48 communities benefitted from these CSR and volunteerism activities in 29 domestic and overseas areas or locations where the Bank has presence.

MEMBERSHIP IN ASSOCIATIONS

GRI 2-28

- ACI Philippines
- Association of Certified Fraud Examiners
- Association of Certified Public Accountants in Commerce
- Association of AML Officers (AMLO)
- Association of Bank Compliance Officers (ABCOMP)
- Agusan Chamber
- Asian Bankers Institute
- Asian Bankers Association
- Bankers Institute of the Philippines
- Bankers Association of the Philippines
- Bank Marketing Association of the Philippines
- Bank Security Management Association

- British Chamber of Commerce in the Philippines
- Business for Sustainable Development (BSD)
- Credit Management Association of the Philippines
- Credit Card Association of the Philippines
- Executives Finance Management Association
- Federation of the Philippine Industries, Inc.
- Financial Executive Institute of the Philippines
- Financial Technology of the Philippines
- Good Governance Advocates and Practitioners of the Philippines (GGAPP)
- Information Systems, Audit and Control Association
- Institute of Corporate Directors
- Institute of Internal Auditors of the Philippines
- Integrated Bar of the Philippines
- International Association for Business Communicators (IABC)
- Japanese Chamber
- Korean Chamber
- Mabuhay Miles
- Makati Commercial Estate Association, Inc.
- Management Association of the Philippines
- Money Market Association of the Philippines, Inc.
- People Management Association of the Philippines
- Philippine Association of National Advertisers, Inc.
- Philippine Chamber of Commerce and Industries, Inc.
- Philippine Business Coalition for Women Empowerment (PBCWE)
- Philippine Payments Management, Inc.
- Public Relations Society of the Philippines (PRSP)
- Rotary Club
- Tax Management Association of the Philippines
- The Financial Markets Association, Inc.
- Trust Officers Association of the Philippines
- Women's Business World

CONTACT INFORMATION

GRI 2-3

Your opinions, feedback, and recommendations will be much appreciated. You may contact the following:

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