

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Atty. Federico A. Manalo

(Contact Person)

8840-0026

(Company Telephone Number)

Definitive Information Statement

1	2
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Month

3	1
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Day

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(Form Type)

0	6
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Month

1	6
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Day

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

396,072

Total No. of Stockholders

Total Amount of Borrowings

Year/Time	
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Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

[illegible]

Document ID

LCU

Cashier

STAMPS

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A member firm of Ernst & Young Global
Limited



PVB Building, 101 V.A. Rufino cor. Dela Rosa Sts. Legaspi Village, Makati City

NOTICE OF THE 2023 ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of the Stockholders of the Philippine Veterans Bank (PVB) will be held on Friday, June 16, 2023, at 2:00 p.m. at the SMX Convention Center, Sea Shell Lane, Mall of Asia Complex, Pasay City.

The AGENDA for the meeting is as follows:

1. Call to order
2. Proof of due notice of meeting
3. Determination and announcement of presence of a quorum
4. Reading and approval of the minutes of the Annual Stockholders' Meeting held on June 17, 2022 and Special Stockholders' Meeting held on March 17, 2023
5. Annual Report of the President
6. Ratification of all Acts and Proceedings of the Board of Directors, Management and Corporate Officers acting within the scope of their designated authority since the 2022 Annual Stockholders' Meeting up to the date of this meeting including all the Material Related Party Transactions
7. Appointment of External Auditor
8. Election of Directors, and of the Members of the Board of Trustees of the Veterans of World War II (BTVWWII)*
9. Adjournment

Minutes of the 2022 Annual Stockholders' Meeting and 2023 Special Stockholders' Meeting will be available for examination during office hours at the Office of the Board Secretary at PVB Bldg., 101 V.A. Rufino cor. Dela Rosa Sts., Legaspi Village, Makati City or at PVB website, www.veteransbank.com.ph.

Only stockholders of record as of end of business day of **May 16, 2023** will be entitled to attend and vote at the meeting. For this purpose, the Stock and Transfer Books of the Corporation will be closed from end of business day of **May 16, 2023** to end of business day of **June 16, 2023**.

Stockholders who cannot attend the meeting may execute a proxy in favor of another stockholder (Article III, Section 1 (b) and (c) of the Amended By-Laws) which must be received by the Office of the Board Secretary at PVB Building 101 V.A. Rufino cor. Dela Rosa Sts., Legaspi Village, Makati City, and/or by email to stockcertificate@veteransbank.com.ph, not later than **June 06, 2023**.


ATTY. FEDERICO A. MANALO
Acting Board Secretary

*Nominations for directors and for members of the BTVWWII must be submitted to and received by the Office of the Board Secretary not later than **5:00pm, May 16, 2023**. Stockholders desiring to attend may pre-register at any time up to **June 06, 2023** at the Office of the Board Secretary, PVB Bldg., 101 V.A. Rufino cor. Dela Rosa Sts., Legaspi Village, Makati City. When registering, please bring this notice and an acceptable ID with photograph.

*Election of Members of the BTVWWII (Section 24, R.A. No. 11597).

*Voting/Election of Directors & of Members of the BTVWWII starts at 8:00 a.m. and ends at 3:00 p.m., **June 16, 2023** (no extension).

STOCKHOLDER'S PROXY

KNOW ALL MEN BY THESE PRESENTS:

I, a stockholder of the PHILIPPINE VETERANS BANK, do hereby appoint _____ as my attorney and proxy to represent me and vote all shares in my name in the books of said corporation at any and all regular and special meetings of the stockholders of said corporation and any adjournment thereof, as fully to all intents and purposes as I might or could do if present and acting in person, hereby ratifying and confirming any and all matters which may properly come before any meeting or any adjournment thereof.

In case of non-attendance or disqualification of my said attorney and proxy above named at any particular meeting or any other cause resulting in the inability of the above named attorney or proxy to act as such at any particular meeting, I authorize and empower the Chairman and/or Secretary of the meeting to fully exercise all rights as my attorney and proxy at such meeting. This proxy shall continue until such time as the same is withdrawn by me through notice in writing delivered to the Secretary but in no case shall its validity exceed five (5) years from date hereof. If I shall be present at such meeting, this proxy shall stand suspended during said meeting but shall again be effective and in full force after the adjournment of said meeting.

Usual Signature

Address

Printed Name Here

Date

(OBS/ASM (2023))

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **Philippine Veterans Bank**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **0000024681**
5. BIR Tax Identification Code: **000-836-616**
6. Address of principal office: **PVB Building, No. 101 V.A. Rufino** Postal Code: **1226**
corner Dela Rosa St., Legaspi Village, Makati City
7. Registrant's telephone number, including area code: **(632) 8840-0026**
8. Date, time and place of the meeting of security holders
Date : **16 June 2023**
Time : **2:00 p.m.**
Place : **SMX Convention Center, Sea Shell Lane, Mall of Asia Complex, Pasay City, Metro Manila**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 24, 2023**
10. **In case of Proxy Solicitations:**
Name of Person Filing the Statement/Solicitor: Not Applicable – No Proxy Solicitations.
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
Not Applicable
12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes () No (X)
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Not applicable

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

Date : **16 June 2023**

Time : **2:00 p.m.**

Place : **SMX Convention Center, Sea Shell Lane, Mall of Asia Complex, Pasay City, Metro Manila**

Mailing address of principal office: **PVB Building, No. 101 V.A. Rufino corner Dela Rosa Sts.,
Legaspi Village, Makati City**

Approximate date on which copies of the Information Statement are first to be sent or given to security holders: **May 24, 2023**

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

Item 2. **Dissenters' Right of Appraisal**

A stockholder has a right to dissent and demand payment of the fair value of his shares in any of the following instances under Section 80 of The Revised Corporation Code of the Philippines (R.A. No. 11232): (a) in case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (c) in case of merger or consolidation; and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair market value of shares held within thirty (30) days from the date of which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. In order to perfect such right, the stockholder shall follow the procedures as described under Section 80 to 85 of The Revised Corporation Code of the Philippines.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director, officer, nominee for election as director, or any associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon as contained in the agenda of the meeting other than election to office.

No director has informed the Bank in writing that he intends to oppose any action to be taken as contained in the agenda of the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

- (a) **Class of voting Securities:** 23,168,384 common shares entitled to vote as of May 16, 2023
- (b) **Record Date:** Stockholders of record as of May 16, 2023 are entitled to notice of and vote at the meeting.
- (c) **Outstanding Capital Stock that is undelivered:**
 - Common Shares – 33,138
 - Preferred Shares – 33,138

(d) Nomination and Election of Directors and Independent Directors and Manner of Voting:

In accordance with Sections 23 of The Revised Corporation Code, Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, the Bank's Nomination Committee adopted rules governing the nomination and election of directors. The nomination forms shall be submitted to the Office of the Chairman or of the Board Secretary on or before May 16, 2023. The Committee shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, Article III, Section 1 (b), (c) & (d) of the Bank's Amended By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. Following Section 23 of The Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.

(e) Security Ownership of Certain Record and Beneficial Owners and Management

(i) Security Ownership of Directors and Management as of May 16, 2023:

Directors

Title of Class	Name	Position	Amount & Nature of Beneficial / Record Ownership	Citizenship	Percent
Common	Roberto F. De Ocampo	Chairman & CEO	10,324	Filipino	0.04389480%
Common	Guillermo L. Parayno Jr.	Vice – Chairman	248	Filipino	0.00105443%
Common	Gerardo Manuel Luis B. Anonas	Director	248	Filipino	0.00105443%
Common	Percianita G. Racho	Director	2,304	Filipino	0.00979597%
Common	Ma. Cecilia G. Soriano	Director	1	Filipino	0.00000425%
Common	Reynaldo V. Velasco	Director	2,001	Filipino	0.00850770%
Common	Jose A. Nuñez, Jr.	Director	224	Filipino	0.00095239%
Common	Francisco S. Magsajo, Jr.	Director	64	Filipino	0.00027211%
Common	Michael Democrito C. Mendoza	Director	1	Filipino	0.00000425%
Common	Cesar A. Rubio	Director	2,200	Filipino	0.00935379%
Common	Renato A. Claravall	Director	3,896	Filipino	0.01656472%
		Total	21,511		0.09145884%

Executive Officers

Title of Class	Name	Position	Amount & Nature of Beneficial / Record Ownership	Citizenship	Percent
Common	Roberto F. De Ocampo	Chairman & CEO	10,324	Filipino	0.04389480%
Common	Renato A. Claravall	President and Chief Operating Officer	3,896	Filipino	0.01656472%
		Total	14,220		0.06045952%
GRAND TOTAL			35,731		0.15191836%

Item 5. Directors and Executive Officers

(a) Incumbent Directors

INCUMBENT DIRECTORS

The following directors shall hold office from date of election until the next annual shareholders' meeting or their resignation, unless sooner terminated or removed in accordance with law:

Roberto F. De Ocampo, 77, Filipino – Chairman. A former Department of Finance Secretary, he is a well-respected business leader who brings with him an exceptional track record in the domestic and international financial arena. Aside from being the top fiscal manager during the term of President Fidel V. Ramos, he was also president of the Asian Institute of Management, and was the youngest chair and chief executive officer of the state-owned Development Bank of the Philippines. During his stint as Finance Secretary, he was credited for turning around the Philippine Government's fiscal position from large deficits to surpluses. His term saw the longest period of consecutive years of fiscal surpluses in the Philippines. It was during his term that the key features of the country's investment liberalization and privatization strategies were designed and implemented. As Finance Secretary, he was awarded the Global Finance Minister of the Year in 1995 by Euromoney and Asian Finance Minister of the Year in 1996 and 1997 by Euromoney and AsiaMoney, respectively. He is also a veteran in multilateral initiatives, having Chaired the Asia-Pacific Economic Conference (APEC) and ASEAN (Association of Southeast Asian Nations) Finance Ministers. He was also previously a Governor of the World Bank, International Monetary Fund, and Asian Development Bank. He also has the distinction of being the only Filipino knighted by both the United Kingdom & France. He was conferred "Most Excellent Order of the British Empire" or OBE by Her Majesty Queen Elizabeth II in 2012 for his efforts in promoting Philippine-UK relations during his years as a public servant and as Chair of the British Alumni Association. He was also named Chevalier in the French Legion of Honor by the Republic of France for his promotion of links between France and the Philippines in the economic domain. At present, he Chairs the Board Advisers of the RFO Center for Public Finance & Regional Economic Cooperation, an ADB Regional Knowledge Hub. He is also the present Chairman of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI), and New Rural Bank of Agoncillo, Inc. (NAGON). IPI and NAGON are wholly-owned subsidiaries of PVB while IIAI is a wholly-owned subsidiary of IPI. He has attended seminars on Corporate Governance in 2013, and the Embracing Good Corporate Governance for Effective and Efficient Management on October 15 and 22, 2021.

Guillermo L. Parayno, Jr., 75, Filipino – Vice-Chairman. He is a former Commissioner of the Bureau of Internal Revenue and the Bureau of Customs. He is a recipient of the PMA Alumni Cavalier Award for outstanding accomplishments in Public Administration, Outstanding Professional of the Year by the Professional Regulatory Commission of the Phils., and the Economic Warrior Award of the Department of Finance. He completed his Bachelor of Science degree, magna cum laude, at the Philippine Military Academy. He finished his Master's degree in Psychology at the University of the Philippines and took Computer Programming at the National Computer Center. He also holds a Master of Business Management from the Asian Institute of Management. His career includes key advisory and operations positions on strategic systems in the private sector and government, both at the national and international levels. He developed information technology systems for fiscal and governance institutions including the PMA entrance examination and Faculty Rating Instrument, systems re-engineering and computerization at the Bureau of Customs, Computerized Import Licensing Model for meat and meat products at the Bureau of Animal Industry, Customs-DOF Computer Link-up for Fiscal Policy Analysis, Automated Export Documentation System, Automated Customs-PEZA Cargo Transfer System and productivity enhancement systems at the Bureau of Internal Revenue. He wrote blueprints for the Customs-SBMA Partnership for Trade Competitiveness and for the Reform and Modernization of the Bureau of Internal Revenue. Chairman of the Human Resources Committee (HRCOM); IT Steering Committee (ITSC); and Remuneration Committee (RemCom); Member, Executive Committee (ExCom); and Nomination Committee (NomCom). He attended the seminar on Corporate Governance in 2013, and has attended the seminar on AMLA Compliance in the Age of the Digital World on September 27, 2021.

Renato A. Claravall, 71, is the President & Acting CEO. He joined Philippine Veterans Bank as a Director/Member of the Board on 19 June 2015 and eventually became the President & COO on 1 December 2018. He holds a degree of Bachelor of Arts in Economics at the Ateneo de Manila University. He was a Senior Vice President and Chief Finance Officer (CFO) of Benguet Corporation from 2010 to 2015, and has served as

Director of various wholly-owned companies of Benguet Corporation. He held Senior Management positions in various Financial Institutions from 1997 to 2010. He was a Deputy General Manager of Bank of Boston Manila Offshore Branch from 1984 to 1997. He was a Senior Manager of Union Bank of the Philippines from 1979 to 1984. He has attended various training programs. Member of Executive Committee (ExCom), Credit Committee (CreCom), Human Resources Committee (HRCOM), and Trust Committee (TrustCom). Vice-Chairman of New Rural Bank of Agoncillo, Inc. (NAGON) and Director of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI). NAGON and IPI are wholly owned subsidiaries of PVB while IIAI is a wholly-owned subsidiary of IPI. He has attended the Corporate Governance seminar in 2015.

Gerardo Manuel Luis B. Anonas, 65, Filipino, son of a veteran. He is the former President and Director of Optimum Development Bank, Court-appointed Corporate Receiver-J.S. Gaisano Inc., and a lecturer for various local banks on the "Reconstruction of Financial Statement and Credit Evaluation". Among his work experiences are the following: Court-appointed Financial Advisor, Steel Corporation of the Philippines, 2006-2008; Executive Vice President, East West Banking Corporation, 1998-2006; Executive Vice President, The Philippine Banking Corporation, 1994-1998; Senior Vice President, Urban Bank, 1991-1994; First Vice President, Boston Bank of the Philippines, 1988-1991; Philippine Commercial International Bank (PCIB), 1986-1988; Insular Bank of Asia and America (IBAA), 1981-1985. He is a B.S. Business Administration graduate from Ateneo de Manila University and has a Masters in International Business from Schiller International University in Paris Study Center. He has had extensive training and experience in Banking and other related fields. Chairman of Credit Committee (CreCom) and Member of Executive Committee (ExCom); Assets Disposal Committee (ADC); Human Resources Committee (HRCOM) and Risk Management Oversight Committee (RMOC). Director of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI). IPI is a wholly owned subsidiary of PVB while IIAI is a wholly-owned subsidiary of IPI. He has attended the Corporate Governance seminar in 2015.

Francisco S. Magsajo, Jr., 75, Filipino, son of a veteran. He is the former President and CEO of Rizal Commercial Banking Corporation (RCBC), 2003-2007; RCBC Savings Bank, 1998-2003; Executive Vice President, Philippine National Bank, 1995-1997; Managing Director, PNB International Finance Ltd., HK, 1991-1995; Director, Batangas Sugar Central, 1991-1997; Director, Passi Sugar Central, 1995-1997; and Director Bulawan Mining Corp., 1996-1997. He is a Bachelor of Science, Major in Economics graduate from Lyceum of the Philippines. He is currently an Independent Director of PSBank. Chairman of Assets Disposal Committee (ADC) and Member of Executive Committee (ExCom), Credit Committee (CreCom); IT Steering Committee (ITSC); Risk Management and Oversight Committee (RMOC); and Trust Committee (TrustCom). Director of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI). IPI is a wholly owned subsidiary of PVB while IIAI is a wholly owned subsidiary of IPI. He attended the seminar on Corporate Governance in 2018 and has extensive training and experience in Banking and other related fields. He also attended the FDIC Training in June 2021.

Michael Democrito C. Mendoza, 61, Filipino, son of a veteran. He has 29 years of experience in Associated Labor Unions-Trade Union Congress of the Philippines (TUCP). He is currently the Chairperson and Lead Convenor of NAGKAISA Coalition. He is the National President of Philippine Seafarers Unions – (ALU-TUCP-ITF) and National President of Associated Labor Unions-TUCP, positions he has held since 2012. Among his work experiences are the following: Organizer/National Executive Assistant/Assistant Operations Director of Associated Labor Union-TUCP from 1986 to 1992; Held the following various positions from 1997-2010: Area Vice President for Central Visayas Region-Philippine Seafarers' Union-TUCP; Area Vice President for Central Visayas Region-Associated Professional Supervisory; Area Vice President for Central Visayas Region-Associated Labor Unions-TUCP; Executive Board of TUCP, Oversight Executive Committee of Associated Labor Unions-TUCP. He holds a degree in AB Political Science from the University of the Philippines - Cebu and a Bachelor of Laws degree from Southwestern University. He attended various seminars in the Philippines and abroad from 1986-2014: 75th Annual Congress of All Japan Seamen's Union (JSU) in Japan; ITF, Sofia Bulgaria; JSU Conference in Tokyo, Japan and ILO, Geneva Switzerland. Member of Credit Committee (CreCom); Assets Disposal Committee; and Human Resources Committee (HRCOM). He attended the seminar on Corporate Governance in 2022.

Percianita G. Racho, 65, Filipino - National President, VFP Sons & Daughters Association, Inc. (VFPSDAI); Former Mayor & Vice Mayor of Buenavista, Agusan del Norte and former Provincial Administrator and Deputy Chairman Provincial Disaster Risk Reduction Management Council of Agusan del Norte. Member of the Related Party Transactions Committee (RPTCom), Corporate Governance and Compliance Oversight Committee (CGCOC), Audit Committee (ACOM), IT Steering Committee (ITSC), and Remuneration Committee (NomCom). Director of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI). IPI is a wholly-owned subsidiary of PVB while IIAI is a wholly owned subsidiary of IPI. Has attended seminars on Corporate Governance, Risk Management Program and Anti-Money Laundering in 2005.

(b) Independent Directors

Jose A. Nuñez, Jr., 70, Filipino, son of a Veteran. He was previously appointed as Chairman of Development Bank of the Philippines (DBP) from 2010-2016; Chairman of Asian Express Money Services Corporation, a company engaged in foreign exchange dealership, money changing and global remittance services. He was also former director and treasurer of Bukidnon Hydro Electric Corp., Universal LRT Corp., Ltd., and ULCOM Company Inc. He was also a former director of Philippine Veterans Bank, serving as Chairman of its board credit committee and member of the executive and corporate governance committees. He also served as director of Camp John Hay Development Corporation, Northwood Resources Corporation, Citystate Savings Bank, and Goldenville Holdings Corporation. He was vice chairman and chief executive officer of Federal Savings and Mortgage Bank from 1997-2000 until its merger with Security Bank Corporation; and executive vice president and chief operating officer of Premiere Development Bank from 1982-1986 and 1989-1991. He was also affiliated with Allied Banking Corporation and Rizal Commercial Banking Corporation. At present, he is a director and the treasurer of Tranzen Group Inc., La Costa Development Corp., Agus 3 Hydropower Corp., and Lear Aero LTD., Inc.. He is also the Vice-Chairman of Unicapital Securities, Inc., an independent director of Unicapital, Inc. and Unicapital Finance, Inc. He has a Bachelor of Arts major in Economics degree (Honors Program) from Xavier University, and is a candidate for a Masters in Business Administration degree from the Ateneo de Manila University. Chairman of Corporate Governance and Compliance Oversight Committee (CGCOC) and Nomination Committee (NomCom); Member, Executive Committee (ExCom); Credit Committee (CreCom); Audit Committee (ACom); and Risk Management Oversight Committee (RMOC). Director of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI). IPI is a wholly owned subsidiary of IPI while IIAI is a wholly owned subsidiary of IPI. He attended a seminar on Corporate Governance on March 3, 2021 and has extensive training and experience in Banking and other related fields.

Cesar A. Rubio, 76, Filipino, son of a Veteran. He is currently an Independent Director. Among his work experiences are the following: Director and Chairman of the Audit Committee of Rural Bank of Mexico (Pampanga), Chief Financial Officer, Executive Vice President and Head of Support Services Group of United Coconut Planters Bank; Senior Executive positions in Rizal Commercial Banking Corp. and Metropolitan Bank and Trust Co.; Lecturer at the Development Center for Financial Executives and Inter Forex Resources, Inc.; Director of Merchants Savings and Loan Association. He holds a Bachelor of Science degree in Commerce, Major in Accounting, De La Salle University; Master of Business Management from Asian Institute of Management and also attended the Pacific Rim Bankers Program from August to September 1996, in University of Washington, Seattle. He is a Certified Public Accountant (CPA) and has 45 years' experience in banking and finance. Chairman of Audit Committee (ACom); Member, Executive Committee (ExCom); IT Steering Committee (ITSC); Corporate Governance and Compliance Oversight Committee (CGCOC); Related Party Transactions Committee (RPTCom); Risk Management Oversight Committee (RMC); and Remuneration Committee (RemCom). Director of Intervest Projects, Inc. (IPI) and Intervest Insurance Agency, Inc. (IIAI). IPI is a wholly-owned subsidiary of PVB while IIAI is a wholly owned subsidiary of IPI. Has attended seminar on Corporate Governance in 2000 and has extensive training and experience in Banking and other related fields. He also attended the following seminars for the year 2021: a) Building Better Bankers: fostering a Stronger KYE Program; b) A Virtual Forum: The Economy Amid the Rise of the DELTA Variant; and c) AML/CFT/CPF (BSP Circular No. 1022).

Ma. Cecilia G. Soriano, Ph.D., 65, Filipino, former Undersecretary of the Department of Finance. She is currently holding or has held the following positions in various non-government organizations such as: member, Board of Trustees, Foundation for Economic Freedom (FEF); Founding Member, Steering Committee of AguaJaring (Sea Capacity Building Network for Integrated Water Resources Management). She is also the co-founder and President of PhilCapNet and Network Manager of Cap-Net. She was a consultant for various government institutions on different projects. She holds a Bachelor of Science degree in Management Engineering, magna cum laude at the Ateneo de Manila University, and finished her Doctor of Philosophy in Economics degree at the International and her Development Economics degree from the University of California at Berkeley. Chairman of Risk Management Oversight Committee (RMC); Member, Human Resources Committee (HRCOM); Audit Committee (ACOM) and Nomination Committee (NomCom).

Reynaldo V. Velasco, 74, Filipino, former Board Chairman and Administrator of the Metropolitan Waterworks and Sewerage System (MWSS) and member of the Executive and Governance Committees. A graduate of the Philippine Military Academy, he was the recipient of two (2) Cavalier Awards and retired as Deputy Director General from the Philippine National Police. He was a former mayor of Sta. Barbara, Pangasinan. His other directorships and trusteeships include those in: Filipino War Veterans Foundation (FILVETS), Inc.; Asia Water Council; Independent Insights Inc.; International Security Service, Inc.; PMA Educational Trust Fund Inc.; and

Philippine Water Works Association (PWWA). Chairman of Related Party Transactions Committee (RPTCom); Member, Assets Disposal Committee (ADC); Trust Committee (TrustCom); Corporate Governance and Compliance Oversight Committee (CGCOC); Nomination Committee (NomCom) and Remuneration Committee (RemCom).

The independent directors have met and continue to meet all the qualifications and possess none of the disqualifications of an Independent Director under the Bank's Code of Corporate Governance, Section 38 of the Securities Regulation Code, and relevant BSP rules.

For the period January 2022 to December 2022, the Board had 13 meetings, including the organizational meeting. The incumbent directors attended/participated in more than 50% of all the meetings, as follows:

Name of Director	No. of Board Meetings Attended	No. of Board Meetings Not Attended	Percentage of Attendance to Board Meetings
Chairman Roberto F. De Ocampo	13	0	100%
Vice Chairman Guillermo L. Parayno, Jr.	13	0	100%
President Renato A. Claravall	12	1	92%
Gerardo Manuel Luis B. Anonas	13	0	100%
Ma. Nieves R. Confesor ⁰¹	6	0	100%
Judith V. Lopez ⁰¹	6	0	100%
Francisco S. Magsajo, Jr.	13	0	100%
Michael Democrito C. Mendoza	8	5	62%
Jose A. Nunez, Jr. ⁰	13	0	100%
Percianita G. Racho	13	0	100%
Cesar A. Rubio ⁰	13	0	100%
Ma. Cecilia G. Soriano ⁰²	6	0	100%
Reynaldo V. Velasco ⁰²	6	0	100%

⁰ Independent Director (ID)

⁰¹ Finished ID term on 17 June 2022

⁰² Elected on 17 June 2022

(c) Executive Officers

The following are the Bank's executive officers who are all Filipinos:

Renato A. Claravall, 71, President and Chief Operating Officer since December 1, 2018, and President and Acting Chief Executive Officer since January 25, 2023. (Please refer to Item 5 for the related profile.

Edwin T. Amahan, 58, joined PVB on August 1, 2021 as Senior Vice President and Head of Branch Banking Group. He was the former Senior Vice President and Branch Banking Group Head of Bank of Commerce. He has brought with him 35 years of experience in operations, sales and marketing, particularly in Branch Banking. He completed his Bachelor's Degree of Commerce major in Accounting in University of San Jose - Recoletos, Cebu City. He is a Certified Public Accountant and has attended various trainings in leadership.

Clodoveo P. Atienza, 68, Senior Vice President since November 2018, is the Senior Credit Officer of Credit Group. He more than 38 years of working experience. Prior to joining PVB, he was the Credit Administration Division Head of Philippine National Bank. He was the Head of Credit Policy and Review at Union Bank of the Philippines. He also worked at National Commercial Bank in Saudi Arabia as Head of Credit Unit, International Division. He was the Philippine Representative of Filinvest Finance Hong Kong Ltd. He started his career as Account Officer at Family Bank Corporation and Insular Bank of Asia & America.

Camille Maricelle M. Canullas, 56, Senior Vice President since July 2003, is the Chief Information Officer /Head, Information Technology Group. She obtained her Bachelor of Science degree in Computer Science and was a Dean's Lister from the De La Salle University, Manila in 1987. She holds Master's degree in Business Administration and also a Dean's Lister at the Ateneo Graduate School of Business in 1996. Prior to joining the Bank, she was the Director of Risk Consulting in Ernst & Young and a Director of Business Consulting in "Arthur Andersen".

Jose Noel L. Cadiena 49, Senior Vice President since August 2015, is the Head of Central Operations Group. He earned his degree in Bachelor of Arts in Economics and Bachelor of Science in Accountancy, Honor's Program from the De La Salle University. He also obtained a Basic Management Program, Superior Performance Awardee from the Asian Institute of Management. He is a Certified Public Accountant and a Certified

Management Accountant from the Institute of Certified Management Accountants - Australia. He has 19 years of experience in finance and general accountancy, backroom operations and support functions in banking industry. Before joining Philippine Veterans Bank, he was a Vice President/Country Head of Finance at Australia and New Zealand Banking Group Limited, Philippine Branch from 1996 to 2010. He was also an Assistant Vice President – Team Lead, Deutsche Knowledge Services at Deutsche Bank from 2011 to 2014. He is presently Director of New Rural Bank of Agoncillo, Inc. (NAGON).

Annabelle Y. Yong, 60, Senior Vice President since January 2005, is the Head of Consumer Lending Division. She has been with the Bank since August 2001. She obtained her Bachelor of Science degree major in Business Management from the Ateneo de Manila University. She has 27 years of extensive retail loans experience from various top local and foreign banks, having been Head of Mortgage Banking with Dao Heng Bank, Customer Relationship Manager with Citigold Priority Banking in Citibank, N.A. and Account Officer with BPI Family Bank. She has attended various seminars and training programs in the Philippines, Singapore, Taiwan and Hong Kong.

Maria Antonia N. Bacabac, 58, First Vice President since November 2017, is the Chief Risk Officer and Head of Risk Management Division. She is bringing with her 32 years of experience. Prior to joining Philippine Veterans Bank, she was the Chief Risk Officer / First Vice President at First Metro Investment Corporation. She was also the Head of Credit Evaluation and Analysis Division / Vice President at Metropolitan Bank & Trust Company. She started her Banking career as Analyst III at Far East Bank & Trust Company for 10 years and worked her way up to the Deputy Head of Credit Policy & Risk Management. She also worked at Bank of the Philippine Islands as the Head of Industry Monitoring Department (2000), Head of Credit Risk Management Department/IBG (2000–2004) and also head of Financial Institutions Department/IBG (2005). She holds a Bachelor of Science in Management Engineering from the Ateneo de Manila University; also have a Master in Business Administration at University of the Philippines.

Charina DC Balanquit, 43, First Vice President effective August 1, 2022, is the Chief Digital Marketing Officer under the Office of the President. She has an MBA degree from the Ateneo Graduate School of Business. She graduated Cum Laude with a degree of BS Business Administration from the University of the Philippines, Diliman. She is bringing with her 22 years of Banking experience in Corporate Banking Products and Marketing. She was the former Marketing Group Head at United Coco Planters Bank (UCPB).

Leah Mabel M. Faustino, 58, First Vice President since July 2019, is the Head of Human Resources Division. She earned her degree in Bachelor of Arts in Psychology and Guidance Counseling at St. Scholastica's College, Manila. Ms. Faustino has more than 30 years of experience in the banking industry in the field of Human Resources Management. She started her career in Boston Bank of the Philippines as Psychometrician and Employee Assistant for 6 years. She moved to Philbank as Head of Recruitment and Testing Section then became the Head of Training Department for 9 years. In late 1990's, the Philbank was merged with Global Bank where she continued her career as Head of Organizational Development Division for three (3) years. Then, she moved to Citibank, N.A where she handled numerous titles under HR for nine (9) years such as HR Generalist (AVP), Country Talent Acquisition Head (AVP), HR Program Manager (VP) and CSI Training Officer (VP). For a short period of time, she moved to other industries: Araneta Center as Assistant HR Head for four (4) months and Hi- EISAI Pharmaceutical Corporation as HR Director for more than a year. She came back to the Banking Industry in late 2014 with First Metro Investment Corporation as Head, Human Resources Division.

Patrick Jerold T. Juan, 54, First Vice President since January 2017, is the Head of Institutional Banking Group. He has 21 years of experience in the banking industry with key strengths in credit and corporate banking. Prior to joining Philippine Veterans Bank, he was the Head of Large Corporates, Papua New Guinea in Australia and New Zealand Banking Group Limited (ANZ). He managed the Large Corporates Division of the Bank in the Northern Region of the said country with a total portfolio of under USD600M. He was also responsible in formulating and implementing marketing and sales strategies and structured calling programs. He started his banking career at HSBC Corporation in 1994 and worked there for more than 11 years. He held different positions such as Manager of Treasury Credit (September 2002- March 2006), Manager of Credit Recoveries (September 2001- August 2002) and various positions in Securities Division, Marketing Department, the Sunlife Demutualization Project and underwent Executive Management Training (April 1994- August 2001). He also worked for the National Commercial Bank, Saudi Arabia as Senior Corporate Banker and Corporate Credit Analysis Manager from 2006 to 2012. Patrick earned his degree in Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering from De La Salle University.

Atty. Federico A. Manalo, 74, First Vice President since September 10, 2021, is the Program Director of Veterans Affairs Office and concurrent Acting Board Secretary. He was a Director of Philippine Veterans Bank from 2019 to 2021. Prior to this, he was the Board Secretary of PVB for 18 years. He also worked with Monte

De Piedad & Savings Bank as Corporate Secretary and was a former Legal Assistant of Philippine Trust Company. He obtained his Bachelor's Degree in Commerce major in Accounting at University of Batangas and was a graduate of Bachelor of Laws at Far Eastern University.

Ma. Flor B. Manaois, 60, First Vice President since April 2018, is the Chief Audit Executive/ Head of Internal Audit Division. She obtained her Bachelor of Accountancy degree, Academic Scholar from the Polytechnic University of the Philippines. Prior to joining Philippine Veterans Bank, she was a Senior Accountant, Treasury Supervisor and eventually a Credit and Collection Officer at Mondragon Savings and Loans Association from 1986 to 1991; Chief Accountant at Toyota Alabang, Inc. from 1991 to May 1992; she was Chief Accountant/ Assistant Finance Manager and Finance Manager of Honda Cars Quezon City and Manila from May 1992 to February 2007. She has attended various trainings and seminars.

Frederick P. Rosario, 49, First Vice President since March 2011, is the Head of Business Solutions Division under Information and Technology Group. He has been with the bank since 2003. He obtained his Bachelor of Science Degree in Computer Science from AMA Computer University. Prior to joining Philippine Veterans Bank, he was a Manager at Export Bank. He also worked as IT Consultant at Global Bank.

Miguel Angelo C. Villa-Real, 55, First Vice President since April 2018, is the Head of Marketing and Communications Division. He has been with the Bank since 2003. He obtained his Bachelor of Science Degree in Community Development from University of the Philippines. Prior to joining Philippine Veterans Bank, he was a Marketing Officer at Bank of the Philippine Islands.

Atty. Vincent Jason T. Villanueva, 57, First Vice President since November 2016, is the Head of Legal Services Division. Atty. Villanueva is bringing with him 23 years of solid experience in legal with specialization in corporate law, litigation and compliance which he gained from both Private Institutions and the Banking Industry. Prior to joining Philippine Veterans Bank, he worked for St. Francis Square Group, Auto Sweep Post Corporation (San Miguel Corp. Subsidiary) and Cortel Law Office as a Consultant from February 2014 to November 2016. He started his banking career at ANB AMRO Bank Inc. as Litigation Section Head in 2000. He was given the opportunity to work with The Royal Bank of Scotland from May 2002 to May 2010 as Country Legal Head. He also worked for Robinsons Bank Corporation as the Head of Legal Group from July 2010 to June 2013. He was in charge of the legal affairs of the bank, covering legal advisory, documentation, case management, and corporate secretary ship support. Atty. Villanueva earned his degree in Bachelor of Science in Business Management in Ateneo De Manila University in 1986 and Bachelor of Law 1991 (L.L.B.) in the same university.

Thaddeus Anthony L. Tan, 55, First Vice President effective January 16, 2023, is the Head of the Commercial Banking Group. He graduated with a degree of Bachelor of Science in Business Administration and Bachelor of Science in Applied Mathematics at De La Salle University. He is bringing with him 31 years of experience in different banking industries. He was a former Business Development officer at Philippine Business Bank.

Roberto S. Vergara, 71, First Vice President since November 2018, is the Head of Trust and Investment Division. He earned his degree of Bachelor of Arts in Economics at Ateneo de Manila University. He also obtained units in Graduate School of Business in the same school. He was the former Chief Trust Officer and Head of Trust Banking Group in Philippine National Bank (PNB). He began his career in 1973 and held various positions in Trust, Treasury, Investment Banking and Global Banking/ Overseas Remittances. Prior to joining PVB, he was Trust officer of HSBC and then became the Trust Officer, then Treasury Group Head and lastly Global Banking / Overseas Remittance Group Head of Land Bank of the Philippines. He is the Executive Director of the Trust Institute Foundation of the Philippines (TIFP). Among others, he was a Director in the Trust Officers Association of the Philippines (TOAP), is an active member of Financial Executives Institute of the Philippines (FINEX) and a member of the Fund Managers Association of the Philippines (FMAP). He is a fellow at the Institute of Corporate Directors (ICD) under the Center for Good Governance (CGG), and is a qualified Independent Director for any listed or non-listed company in the Philippines.

George B. Arenas, 50, Vice President since March 6, 2020, is the Head of Financial Information & Reports Division and former Head of ICAAP Department concurrent to Operational Risk Officer under Risk Management Division. He finished his Bachelor's Degree in Commerce major in Accounting at Ateneo de Naga University. He is Certified in Risk and Information Systems Control (CRISC), Certified Public Accountant and Certified Internal Auditor. He was the former Head of Operational Risk Department/ AVP at First Metro Investment Corporation (FMIC). He also held the position as Risk Officer and Head of the Audit Department in FMIC. He also worked as Supervisor in Operational Risk Department at Doha Bank, Doha Qatar. He was the Senior Executive and Head

of Investigation Unit at Maybank Philippines, Inc. He also worked as Auditor at Far Eastern Bank and Trust Company and Sycip, Gorres, Velayo (SGV) and Co.

Romcyn D. Camatog, 49, Vice President since July 2018, is the Head of Credit Evaluation Division under Credit Group. Mr. Camatog has more than 17 years of experience in the banking industry specializing in credit risk management. He was also exposed to corporate finance, account management, analysis and marketing. His last position was an Enterprise Risk Manager at Security Bank. He started his career in banking industry when he joined China Banking Corporation as Credit Investigator in 1995 and worked in the same company for almost 8 years. He also worked for PBCOM and BDO from 2010 to 2015 where he was exposed to credit risk management and corporate finance.

Ricardo V. Carreon, 57, Vice President since December 2019, is the Head of Quality Management Division under Information Technology Group. Mr. Carreon obtained his Bachelor of Science in Electronics and Communications Engineering in 1987. He took up his Master of Science in Business Administration in Pamantasan ng Lungsod ng Maynila in 2005. He has more than 28 years of work experience in the field of Information Technology from different industries. He was the former VP/ Head of IT Pacific Cross Insurance Inc. He worked as MIS Manager at Fortune General Insurance Corporation (January 2002 – August 20016) then was promoted to Assistant Vice President MIS. He also worked in other insurance companies such as Nicphil Insurance Corporation (March 1999 – December 2001), Paramount Life and General Insurance Corporation (August 1993 – February 1999) and Loyola Plans Inc. (November 1988 – July 1993).

Joel I. Dilig, 51, Vice President effective March 1, 2023, is the Head, Corporate Planning Office under the Office of the President. He graduated with a degree of Bachelor of Science in Accountancy at De La Salle University and Masters in Business Administration at De La Salle University. He is bringing with him 28 years of experience in different banking industries. He was a former Budget and Planning Head at Robinsons Bank Corporation.

Ma. Theresa L. Escobar, 48, Vice President since May 1, 2022, is the Chief Compliance Officer and Head of Compliance Division and concurrent Acting Corporate Governance Officer. She has been with the Philippine Veterans Bank since July 1995. She obtained her Bachelor of Science degree in Psychology from St. Paul College.

Armand D. Eugenio, 52, Vice President since May 2016, is the Head of Assets Recovery and Remedial Management Division. He is bringing with him 23 years of solid banking experience with key strengths in Remedial, Credit and Collections, and Risk Management. Prior to joining Philippine Veterans Bank, he was the Chief Risk and Compliance Officer/ Vice President at Philippine Export- Import Credit Agency (PhilEXIM). He was responsible for the design, implementation, monitoring and revision of Risk Management Policy, BSP & AMLA Compliance programs. He was also involved in Credit and Operational policies, formulation, review, implementation and compliance monitoring. He started his banking career as Credit Card Consultant at Citibank NA in 1991. He also worked at Chinatrust (Philippines) Commercial Bank for 13 years where he was exposed to Remedial Management covering Commercial, Consumer, Housing and Corporate. He was a Vice President for Special Asset Management Institutional Credit Risk Management Group. Armand earned his degree in Bachelor of Arts, Major in Economics, from University of Santo Tomas, Manila.

Erwin V. De Guia, 46, Vice President since May 1, 2022, is the Head of Operations Control and Support Division under Branch Banking Group. He has been with PVB since February 2018. Prior to joining PVB, he was the Unit Operational Risk Manager at Standard Chartered Bank. He was the former Branch Operations Risk Manager and Branch Risk Control Officer at Philippine Bank of Communications. He also worked as the Quality Assurance Officer at Union Bank of the Philippines and International Exchange Bank. He worked at Security Bank Corp. as the Area Operations Officer, Branch Sales Assistant and Jr. Bookkeeper. He obtained his Bachelor's Degree in Accountancy from the Ateneo de Davao University.

Mary Jean A. Go, 59, Vice President since March 1, 2021, is the Head of Relationship Management Division 1 under Institutional Banking Group. She finished her Bachelor's Degree in Commerce major in Management in Financial Institutions at De La Salle University. She brings with her more than 35 years of experience in Corporate Banking and Credit. She was a former Vice President of Corporate Credit Group at United Coconut Planters Bank (UCPB).

Jamie James M. Javier, FRM, 35, Vice President effective August 1, 2022, is the Head, Market Risk and Liquidity Department under Risk Management Division (RMD). He graduated with a degree of BSM Applied Mathematics Major in Mathematical Finance Minor in Economics from the Ateneo De Manila University. He is

bringing with him 14 years of experience from the Financial industry in Risk Management. He was the former Chief Risk Officer at First Metro Investment Corporation (FMIC).

Iris Veronica Go Lim, 38, Vice President effective August 1, 2022, is the Digital Marketing Officer under the Office of the President. She graduated with a degree of Bachelor of Arts major in Management Economics from the Ateneo De Manila University. She is bringing with her 15 years of Banking experience in a broad range of bank products such as Cash Management, Cards, Deposit /Retail, Insurance, and Remittance. She was the former Head of Product Management Department at United Coco Planters Bank (UCPB).

Ella R. Makalintal, 47, Vice President since July 2019, is the Head of Projects Division under Information Technology Group. She has been in the Philippine Veterans Bank since October 2004. She obtained her Bachelor of Science in Computer Management at Polytechnic University of the Philippines.

Racquel B. Mañago, 55, Vice President since January 2016, is the Head of Operational Risk Department under Risk Management Division. She has 22 years of solid experience in Bank Operations with key strengths in Operational Risk Management. Prior to joining Philippine Veterans Bank, she was an Assistant Vice President for Operational Risk in PBCOM. She specialized in operational risk framework of various business units. She started her banking career at Citibank Philippines as an Operations Officer. She also worked at Union Bank for 8 years where she was exposed to enhancing the business systems and processes throughout Treasury covering different areas such as Trading, Marketing, Private Banking, Liquidity Management, Risk Management & Operations and Trust. She is an active contributor of Bankers Institute of the Philippines (BAIPHIL) as Subject Matter Expert in Operational Risk Management since 2005. She earned her degree in Bachelor of Science major in Economics from University of the Philippines, Diliman.

Florence T. Palacio, 55, Vice President since February 2016, is Controller/ Head, Finance and Administration Group. She is bringing with her 25 years of solid banking experience with specialization in Accounting, Finance, and Taxation. Prior to joining Philippine Veterans Bank, she was a Vice President and Head of Treasury Operations Department in CTBC Bank (Philippines) Corporation where she was responsible for all procedures and workflows of Treasury Operations. She managed all processes in line with the standards and requirements of the parent bank and internal and external regulations. She also worked at Export & Industry Bank, Inc. for almost 10 years where she held different positions such as Head of Tax Compliance and Financial Analysis, General Accounting, and Tax Compliance Division. She started her banking career at Equitable Banking Corporation in 1988. She earned her degree in Bachelor of Science in Business Administration major in Accounting from University of the East Manila. She is a Certified Public Account.

Jean S. Parrilla, 60, Vice President since August 2019, is the Head of Financial and Control Division under Finance and Operations Group. She earned her Bachelor of Science in Business Administration major in Accounting at Sienna College. She is a Certified Public Accountant. She has 36 years of solid experience in Banking Industry with expertise and experience in Wealth Management Trust Operations and Accounting, Treasury Operations, Risk and Controls, Financial Accounting and Controls, Asset and Capital Management. Prior joining to Philippine Veterans Bank, she worked at HSBC, Solid Bank Corporation and Security Bank Corporation.

Alvaro M Punsalan, 53, Vice President since August 2018, is the Chief Information Security Officer of Risk Management Division. He has 27 years of work experience in the banking industry. Prior joining to PVB, he was the Chief Information Security Officer and Data Protection Officer/ AVP at Philippine Bank of Communication from 2015- 2018. He spent 24 years of his banking career with the Development Bank of the Philippines where he held positions such as Chief Information Security Officer/ VP, Compliance Monitoring Manager/M, Senior Internal Auditor/AM, Junior Internal Auditor and Internal Audit Assistant (1991-2015). His first job is at Masagana Superstore, Inc. as an Internal Audit Staff (1990-1991).

Mario L. Rabie, 58, Vice President since July 2019, is the Head of Credit Risk Department under Risk Management Division. He has been in Philippine Veterans Bank since July 2015. He obtained his Bachelor of Science in Business Management at Polytechnic University of the Philippines. He has 37 years working experience in Financial Institutions Industry. Prior to joining PVB, he was the Assistant Vice President and Head of Credit Department at Premier Bank. He worked at Trade & Investment Development Corporation of the Philippines as Credit Policy Supervision & Compliance Officer. He also worked as Account Officer in Omni Savings Bank and Union Bank. He worked at PhilBank Corporation as Credit Review Officer. He started his career as Loan & Credit Analyst / Clerk at Development Bank of the Philippines.

Geraldine L. Romano, 52, Vice President since June 2019, is the Head of Sales & Services under Branch Banking Group. She has been in the Philippine Veterans Bank since June 1993. She obtained her Bachelor of Science in Commerce at Ateneo De Naga University. She started her career at Mirabella Hotel as Bookkeeper.

Jose Enrique L. Salvador, 57, Vice President since March 17, 2022, is the Head of Relationship Management Division 2 under Institutional Banking Group. He obtained his Bachelor of Arts in Economics and Masters in Business Administration degrees from the University of the Philippines, Diliman. Prior joining with PVB, he was the Assistant Vice President 2 / Team Head of Corporate & Investment Banking Group. He worked with various Banks such as China Banking Corporation as Lending Officer under Branch Banking Group and Security Bank as Relationship Manager & Enterprise Risk Manager. He also worked as an Account Officer with several Banks namely Metropolitan & Trust Co., Global Business Bank, Far Eastern Bank, Bank of the Philippine Islands, and City Trust Banking Corp.

Andres B. Saracho, 57, Vice President since May 1, 2022, is the Head of Veterans Affairs Office. He has been with Philippine Veterans Bank since October 2018. Prior to joining PVB, he was the Communications Director at MCA Philippines. He worked with CBK Power Co., Ltd as Community Relations Manager and with Edison Mission Energy Phil. as Research Analyst. He was the Assistant Manager for Investment Promotion at AB Capital Investment Corp. He graduated from the University of Sto. Tomas with the Degree of Bachelor of Science in Commerce major in Economics.

Eymard Ryan O. Sumulong, 41, Vice President since May 1, 2022, is the Head of IT Operations Division under Information Technology Group. He has been with PVB since October 2015. He graduated with a Bachelor's Degree in Computer Science from AMA Computer University, Makati. Prior to joining PVB, he was the former Senior Systems Specialist at Fujitsu Philippines, Inc. He worked with Accenture Inc. as Senior Software Engineer and Team Leader. He also worked as the Senior Desktop Administrator in Affiliated Computer Services. In First Advantage Philippines Inc., he was the Senior IT Associate and eventually became the IT Supervisor. He also worked with Integrated Network Services Inc. as part of the Technical Support team.

Johanna C. Tan, 50, Vice President effective January 16, 2023, is the Head, Commercial Banking Division under Commercial Banking Group. She graduated with a degree of BS computer Science at AMA Computer University. She is bringing with her 27 years of Banking experience in different banking industries such as Bank of Commerce, Rizal Commercial Banking Corp. and Philippine Business Bank. She was a former Center Head, Binondo Lending Center at Philippine Business Bank.

(d) Nominees for election as Directors and Independent Directors

FOR DIRECTORS

Nominees as Directors
Mr. Gerardo Manuel Luis B. Anonas
Mr. Renato A. Claravall
Mr. Roberto F. De Ocampo, OBE
Mr. Francisco S. Magsajo, Jr.
Mr. Michael Democrito C. Mendoza
Mr. Guillermo L. Parayno, Jr.
Ms. Percianita G. Racho

Please refer to the Item 5.a. on pages 5-7 for their brief bio data.

FOR INDEPENDENT DIRECTORS

Nominee as Independent Directors	Person who nominated (and relationship)
Ms. Ma. Cecilia G. Soriano	Mr. Roberto F. De Ocampo, OBE (no relation)
Mr. Reynaldo V. Velasco	Mr. Roberto F. De Ocampo, OBE (no relation)
Mr. Jose A. Nuñez, Jr.	Mr. Francisco S. Magsajo Jr. (no relation)
Mr. Cesar A. Rubio	Mr. Renato A. Claravall (no relation)

Please refer to the items 5.c on pages 7-8 for their brief bio data

NOMINATION COMMITTEE

NOMINATION Committee Members	
Vice-Chairman Guillermo L. Parayno, Jr.	Committee Chairman
Director Ma. Cecilia G. Soriano	Member / Independent Director
Director Reynaldo V. Velasco	Member / Independent Director
Director Percianita G. Racho	Member

AUDIT COMMITTEE

AUDIT Committee Members	
Director Cesar A. Rubio	Committee Chairman
Director Jose A. Nuñez, Jr.	Member / Independent Director
Director Ma. Cecilia G. Soriano	Member / Independent Director
Director Percianita G. Racho	Member

(e) Involvement in Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Bank have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation 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, which has not been reversed, suspended or vacated, for the past five (5) years up to the date that is material to the evaluation of his ability or integrity to hold the relevant position in the Bank.

(f) Significant Employees

There are no significant employees other than those occupying executive positions.

(g) Family Relationship

There are no family relationships up to the fourth civil degree either of consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

(h) Relationships and Related Transactions

The Bank, in its regular course of trade and business, enters into transactions (mainly loans and sales/purchases) with its Directors, Officers, Stockholders, and Related Interests (DOSRI) and these are disclosed to the Bangko Sentral ng Pilipinas (BSP) in accordance with the Manual of Regulations for Banks.

All transactions of the Bank, whether with DOSRI, related parties or non-related parties, are conducted and entered into, in the Bank's best interest and on an "arm's length basis".

The Bank has the following subsidiaries and affiliates as of December 31, 2022:

Subsidiary	Percentage of Ownership	Country of Incorporation	Principal Activities
Intervest Projects, Inc.	100%	Philippines	Property Development
New Rural Bank of Agoncillo, Inc.	97.7%	Philippines	Rural Bank
Veterans Venture Capital Corp. (VVCC)	60%	Philippines	Non-operational

Item 6. Compensation of Directors and Executive Officers

(a) Compensation of Directors

The Bank director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

Type of Meeting	Director	Vice-Chairman	Chairman of the Board
Board Meeting	₱50,000.00	₱55,000.00	₱150,000.00

Type of Meeting	Director	Vice-Chairman	Chairman of the Committee
Board Committee Meeting (except Executive Committee)	₱10,000.00		₱15,000.00
Executive Committee	₱30,000.00	₱40,000.00	₱80,000.00

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's directors as of December 31, 2022 is as follows:

Name of Director	Total Compensation Received by Directors ⁰³
Chairman Roberto F. De Ocampo	7,279,411.84
Vice Chairman Guillermo L. Parayno, Jr.	1,172,222.23
Gerardo Manuel Luis B. Anonas	1,189,473.69
Ma. Nieves R. Confesor ⁰¹	755,555.56
Judith V. Lopez ⁰¹	705,263.16
Francisco S. Magsajo, Jr.	1,283,333.33
Michael Democrito C. Mendoza	544,444.46
Jose A. Nunez, Jr. ⁰	1,216,666.65
Percianita G. Racho	1,252,631.57
Cesar A. Rubio ⁰	1,536,842.09
Ma. Cecilia G. Soriano ⁰²	622,222.22
Reynaldo V. Velasco	622,222.22

⁰ Independent Director (ID)

⁰¹ Finished ID term on 17 June 2022

⁰² Elected on 17 June 2022

⁰³ Consisting of the monthly allowance and per diem. Per diem is based on the directors' attendance in the Board and Board Committee meetings, and their Committee memberships for the period January 1 to December 31, 2021.

The Bank's By-Laws state that the directors are entitled to a compensation of not more than ten percent (10%) of the Bank's net income before income tax of the preceding year. However, members of the Board only receive a fixed allowance/honorarium for every meeting attended. The Board issued a Resolution in 2019 reducing the amount of honorarium per meeting.

BOARD OF DIRECTORS	Year	Salary	Bonuses & Other Compensation	Total
	IN MILLION PESOS			
	2023 (estimate)		26.419	26.419
	2022 (actual)		18.180	18,180
	2021 (actual)		21.502	21.502
	2020 (actual)		21.832	21.832

The foregoing compensation is in accordance with the Bank's By-Laws, the directors are entitled to a compensation of not more than ten percent (10%) of the Bank's net income before income tax of the preceding year.

(b) Compensation of Executive Officers

Name	Year	Salary	Bonuses & Other Compensation	Total
IN MILLION PESOS				
Total for the 5 highest compensated executive officers *	2022 (actual)	27.910	29.373	57.283
	2021 (actual)	27.583	23.196	50.780
	2020 (actual)	48.197	10.079	50.276
	2019 (actual)	27.563	31.364	58.972
Total for all officers	2022 (actual)	233.755	182.750	416.505
	2021 (actual)	214.118	203.489	417.607
	2020 (actual)	378.768	103.110	481.878
	2019 (actual)	221.424	218.023	439.448

Top 5 : Camille Maricelle Canullas, Roberto De Ocampo, Clodoveo Atienza, Maria Antonia Bacabac, Renato Claravall

Item 7. Independent Public Accountants

Changes in and Disagreements with Accountant on Accounting and Financial Disclosure

(EXTERNAL AUDIT FEES – MC No. 14, Series of 2004)

Punongbayan & Araullo (P&A) Grant Thornton has been appointed as the Bank's new independent accountant, as approved by the Board of Directors and Stockholders in its meeting held on May 25, 2022 and June 17, 2022, respectively, as endorsed by the Audit Committee.

Mr. Jerald M. Sanchez was assigned as the engagement lead / partner-in charge to perform the external audit of the financial statements of the Bank and Subsidiaries (collectively the "Group") as of and for the year ending 31 December 2022.

The previous auditor, Sycip Gorres Velayo & Co. (SGV & Co.) Ernst & Young, was informed by the Bank in writing on September 12, 2022 about the appointment of the new external auditor. There were no disagreements with previous auditor on any matter of accounting principles or practice.

(a) Audit and Related Fees

Fiscal Year	Audit and Related Fees
2021 payments	
For 2020 paid in 2021	P3,141,600.00
For 2021 paid in 2021	P2,077,600.00
2022 payments	
For 2021 paid in 2022	P6,529,600.00
For 2022 paid in 2022	P 392,000.00

As of December 31, 2022, **Punongbayan & Araullo (P&A) Grant Thornton** has unbilled charges of P2,256,800.00 for 2022 audit which will be paid in 2023.

(b) Other Fees

Fiscal Year	Other Fees
For 2021 paid in 2022	P768,880.00
For 2022 paid in 2022	P610,400.00

The above fees pertain to: (a) Other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Bank's financial statements; and (b) All Other Fees or services other than the reported items under item (a) above.

(c) Audit Committees' Approval Policies and Procedures for the above fees

The hiring of the Bank's external auditor is being evaluated by the Audit Committee upon a favorable endorsement from the Bank's President. Consistent with the provisions of the Code of Corporate Governance, the Audit Committee submits its nominated external auditor for Board approval and subsequently ratified by the shareholders during the annual stockholders' meeting.

Also, the Board of Directors approved the Bank's Financial Statements as of December 31, 2022 as audited by **Punongbayan & Araullo (P&A) Grant Thornton** on April 26, 2022.

Punongbayan & Araullo (P&A) Grant Thornton in its letter to the Bank's President during the year 2022 confirmed that they are independent certified public accountants with respect to the Bank within the meaning of the Philippine Code of Professional Ethics for Certified Public Accountants promulgated by the Philippine Board of Accountancy and approved by the Philippine Professional Regulation Commission. Accordingly, none of the principal partners or associate of their firm holds or owns two percent or more of the Bank's equity.

Regarding Rotation of External Auditors, the new External Auditor is compliant with SRC Rule 68 page 25, No. 3Bix.

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

The financial statements of the Bank as of December 31, 2022 and 2021 have been audited by Punongbayan & Araullo (P&A) Grant Thornton, and Sycip Gorres Velayo & Co. (SGV) Ernst & Young, respectively, in accordance with Philippine Financial Reporting Standards. There were no changes in and disagreements with accountants on accounting and financial disclosures.

Item 9. Compensation Plans

Not Applicable.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 10. Authorization or Issuance of Securities Other than for Exchange

Not Applicable

Item 11. Modification or Exchange of Securities

Not Applicable

Item 12. Financial and Other Information

- (a) Brief Description of the general nature and scope of the business of the Bank, attached as Annex "A"
- (b) Market Information, Dividends, and Top 20 Stockholders, attached as Annex "B"
- (c) Discussion of Compliance with leading practice on Corporate Governance, attached as Annex "C"
- (d) Management's Discussion and Analysis or Plan of Operation, attached as Annex "D"
- (e) Statement of Management Responsibility for Financial Statements, attached as Annex "E"
- (f) Audited Financial Statements as of 2022, attached as Annex "F"
- (g) Email Copy of Interim Financial Statement as of 31 March 2023 submitted to SEC, attached as Annex "G"
- (h) Certificate of Qualifications of Independent Directors, attached as Annexes:

- H.1 Mr. Jose A. Nuñez, Jr.
- H.2 Mr. Cesar A. Rubio
- H.3 Ms. Ma. Cecilia G. Soriano
- H.4 Mr. Reynaldo V. Velasco

Item 13. Mergers, Consolidations, Acquisitions and Similar Matters

Not Applicable

Item 14. Acquisition or Disposition of Property

Not Applicable.

Item 15. Restatement of Accounts

Not Applicable.

D. OTHER MATTERS

Item 16. Action with Respect to Reports

Approval of the following:

- (a) Reading and approval of the Minutes of the Annual Stockholders' Meeting held on June 17, 2022 and Special Stockholders' Meeting held on March 17, 2023; and
- (b) Annual Report of the President

Item 17. **Acts of Directors and Officers which are subject of Ratification by the Stockholders**

Ratification of all Acts and Proceedings of the Board of Directors, Management and Corporate Officers acting within the scope of their designated authority since the 2022 Annual Stockholders' Meeting up to today including all Material Related Party Transactions:

- a) Donation to the Board of Trustees of the Veterans of World War II (BTVWWII) for the past year in the amount of **Twenty-Seven Million Ninety Thousand Seven Hundred Fifty-Six Pesos and 38/100 (₱27,090,756.38)**;
- b) Pension & salary loans CRI premium payment to Intervest Insurance Agency, Inc. (IIAI) and payments of Professional fees, etc. to Intervest Projects, Inc. (IPI) for the past year in the amount of **One Fifty-One Million Fifty-Four Thousand Three Hundred Forty-Seven Pesos 73/100 (₱151,054,347.73)** and **Six Million Three Hundred Sixty-Six Thousand Two Hundred Sixty-Three Pesos and 51/100 (₱6,366,263.51)**, respectively. This is the usual credit redemption insurance premium payment to the insurance provider (IIAI) for pension & salary loans granted by PVB. Payments of professional fees, etc. to IPI are for management of PVB projects
- c) Purchase of salary loan by New Rural Bank of Agoncillo, Inc. (NAGON) for the past year in the amount of **Forty-Five Million Twenty-Seven Thousand Four Hundred Eighty-Five Pesos and 33/100 (₱45,027,485.44)**. This is to augment the income earning assets of NAGON, a subsidiary of PVB.

The donation to the Board of Trustees of Veterans of World War II is in keeping with the provisions of the law (Republic Act 3518, the original PVB Charter, and which was repealed by R.A. 11597, or the "Philippine Veterans Bank Act"), to extend to BTVWWII "grants-in-aid' to veterans, their widows, orphans or compulsory heirs for educational, social, charitable, and rehabilitation purposes..." in lieu of the 20% allocation of the net profit considering the fact that the Bank did not register net profits in 2022.

Item 18. **Amendment of Charter, Bylaws or Other Documents**

Not applicable. No proposals to amend the Bank's Articles of Incorporation and/or By-Laws will be submitted to the stockholders for their ratification or approval.

Item 19. **Voting Procedures**

With respect to the election of the members of the Board of Directors, Article III, Section I (b), (c) & (d) of the Bank's Amended By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. Following Section 23 of The Revised Corporation Code of the Philippines, and Article III Section I (d) of the Bank's amended By-Laws, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected. Eleven (11) nominees receiving the highest number of votes shall be elected directors.

This voting procedures shall also apply to the election of the members of the Board of Trustees of the Veterans of World War II (BTVWWII).

Those who are not able to attend the Annual Stockholders Meeting (ASM) are not allowed to vote but they can execute a Proxy in favor of another stockholder and the latter can vote for and in their behalf.

The Board has approved the creation of a COMELEC to act as election inspector and to supervise the conduct of the election. SGV & Co., was designated and authorized to conduct the election process, canvass the votes cast, and submit the results of the election of the Board of Directors of the Bank and the members of BTVWWII.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 24th day of May 2023.

PHILIPPINE VETERANS BANK

By:



Atty. FEDERICO/A. MANALO
Acting Board Secretary

BUSINESS AND GENERAL INFORMATION

1. Description of Business

(a) Form and Year of Organization

On June 18, 1963, Republic Act (R.A.) No. 3518 was approved creating the Philippine Veterans Bank (hereafter referred to as "PVB" or "Bank"). The idea to establish a veterans' bank began in 1956 when the reparations agreement with Japan was concluded. It provided for payment by Japan to the Philippines the amount of US \$20 million in cash, US \$5 million in capital goods, and US \$10 million in services. Under Republic Act No. 1789, better known as the Reparations Act, the cash reparations were set aside into a special trust fund for the use of World War II veterans and their families. There were plans to split the funds evenly among all veterans, but legislators say that it is in the higher interest that the funds be invested in a bank that would service their needs. If the funds were split at the time, each veteran would get only one hundred pesos at the then-prevailing exchange rate of two pesos per U.S. dollar.

While PVB was conceived and created as a private bank exclusively owned by the World War II veterans, its enabling law also declared it to be a government depository as a gesture of appreciation by a grateful nation to the veterans for the sacrifices that they offered on the altar of freedom.

Under the PVB charter, the bank's subscribed capital of one hundred million pesos would be divided into 510,000 common shares and 490,000 preferred shares, all with a par value of one hundred pesos. All common shares were subscribed by the government on behalf of the veterans, their families and descendants, while the preferred shares were distributed for free among the veterans. Also, under PVB's charter, the members of the board would be appointed by the government during the first five years from the organization of the Bank pending the transfer of the common shares to the veterans. Thereafter, the World War II veterans owning PVB were to elect the members of the board in the manner prescribed by the Corporation Code.

However, even after the common stocks were transferred to the veterans, subsequent amendments to R.A. No. 3518, through a series of Presidential Decrees issued during the Martial Law era enabled the government to continue appointing board members. As a consequence, the right of the veterans to elect members of the board was curtailed, and they became PVB owners in name only. As history would later unfold, the Bank fell prey to political excesses during that era. Because of capital deficiency, PVB was closed by the Monetary Board of the Central Bank on April 10, 1983 and placed under receivership. Subsequently, it was placed under liquidation on June 17, 1985.

With the EDSA Revolution and through the initiative and determined efforts of the Veterans Federation of the Philippines (VFP), new Philippine government on January 2, 1992 passed Republic Act No. 7169, which would rescind all amendments made during the Martial Law era to the PVB charter. The law would revert back the PVB charter to its original state. Through the law, the veterans regained their rights as rightful shareholders of the bank, which were denied during the Marcos era. Since the law also understood that the veterans took no role in the failure of PVB, it allowed the restructuring of its locked government deposits, totaling 1.48 billion pesos at the time, into a seven-year loan. Unlike other banks of its classification, which were bailed out by the government, PVB had to rely on internal funds to keep its commercial banking license. Because of that, its authorized capital was raised to one billion pesos from the previous P100 million. Today, PVB has an authorized capital of five billion pesos.

On May 6, 1992, the Central Bank of the Philippines granted PVB the authority to operate as a private commercial bank. On July 3, 1992, Fidel V. Ramos, then Philippine President, symbolically opened PVB. Commercial operations began a month later.

Since reopening in 1992, PVB has enjoyed profitability and success even with its conservative investment stance. With its recapitalization, the original two shares of each veteran grew to 64 common and 10 preferred shares now with a combined value of P7,400. PVB also embarked on goodwill programs for World War II veterans such as free medical care. It also gives preference to veterans in banking transactions and to their descendants in hiring bank personnel. As part of its charter, PVB also provides 20% of its annual net income for the benefit of its shareholders.

Today, PVB is again a proud member of the banking community. In 2010, PVB became a member of [BancNet](#), the Philippines' largest interbank network. PVB successfully migrated to BancNet in April 2011. The migration to BancNet allowed its over 240,000 cardholders 24/7 access to PVB through the network's over 16,000 ATMs nationwide as well as access to BancNet services (BancNet Online, POS, Mobile Banking, E-Shopping, E-Load, e-Gov payments, i.e. SSS, Philhealth, BIR). As of December 31, 2020, PVB has a total of 140 ATMs (57 onsite and 83 Offsite) and 60 branches in key cities and municipalities nationwide.

On December 10, 2021, President Rodrigo R. Duterte signed the RA 11597 amending RA 3518 or the law creating the Philippine Veterans Bank. The law expanded the ownership of the Bank to all veterans as well as the private (non-veteran) sector and raised the equity of the Bank to P10 billion from P100 million of the old charter. This amendment will promote socio-economic security and general welfare of all Filipino war veterans and retired military personnel.

Based on the published Statements of Condition as of December 31, 2022, out of the 45 universal and commercial banks operating in the country, PVB ranked 25th in Assets with P59.655 Billion; 22nd in Deposits with P56.201 Billion; 44th in Capital Accounts with P1.052 Billion; and 27th in Loans with P23.161 Billion.

The Bank has the following subsidiaries and affiliates as of **December 31, 2022**:

Subsidiary	Percentage of Ownership	Country of Incorporation	Principal Activities
Intervest Projects, Inc.	100%	Philippines	Property Development
New Rural Bank of Agoncillo, Inc.	97.7%	Philippines	Rural Bank
Veterans Venture Capital Corp. (VVCC)	60%	Philippines	Non-operational

2. Business of Issuer

(a) **Principal Products and Services.**

PVB's main products and services include deposit taking, lending to Local Government Units (LGUs) and other select Government Owned and Controlled Corporations (GOCCs), private corporations and middle market, housing loans, treasury and foreign exchange trading, trust and investment services, cash management services, salary loans, and pension loans.

The income from these products and services are divided into two main categories, namely: (1) net interest income from the Bank's deposit taking and lending and investment activities, which accounts for 69.81% of revenues; and (2) other income such as service charges, fees, commissions, trading gain, foreign exchange gain, trust fees, income from sale of acquired assets and other miscellaneous income which account for 22.48% of revenues, as of December 31, 2022.

The table below lists out and describes the various principal products or services of the Bank which contribute the majority of our sales or revenues:

PRODUCT	DESCRIPTION
Micro, Small & Medium Enterprises (MSME) Loan	Financial assistance program of PVB that can be extended to Micro, Small or Medium Enterprises to be used by the borrower as additional working capital, fixed asset expenditure and other business-related acquisitions or investments.
Salary Loan - Private Companies	Financial assistance program for the regular employees of registered private companies (sole proprietorships, partnerships, associations and other private corporations) with at least ten regular employees.
Salary Loan - Department of Education	Financial assistance program for the teaching and non-teaching employees of the Department of Education.

Salary Loan - Barangay	Financial assistance program for the Barangay Officials.
Back-to-Back Loan	Credit accommodation granted to Philippine Veterans Bank depositors against a hold-out on cleared and Unencumbered Peso/Dollar Savings or Time Deposits, Government Securities and other deposit products of the Bank except checking or current account.
Real Estate Equity Loan	Term loan secured by residential mortgage for various personal consumption purposes.
Real Estate Repeat Client Loan	Additional credit granted to selected PVB real estate loan accounts.
Contract-to-Sell Without Recourse	Credit facility available to Eligible Developers on a without recourse basis.
Developmental Loan	Term loan extended to a Real Estate Developer-Borrower to finance the development of residential subdivisions and/or construction of housing units and construction of residential condominiums/buildings fully secured by real estate mortgage over the project and additional property if required.
Contract-to-Sell Facility with Recourse	Term loan extended to a Real Estate Developer-Borrower fully secured by real estate mortgage and assignment of the Developer's installment receivables arising from the sale of the lot, house and lot, or condominium units.
Pension Loan	Financial package designed for Pensioners accredited by the Philippine Veterans Bank Administration Office (PVAO) to borrow against his/her monthly pension deposited with the bank and AFP Loan with deduction code from Armed Forces of the Philippines (AFP).
Interbank Call Loan Market/ Money Market	Serves the purpose of providing banks the facility to cover reserve requirements or lend excess funds
Overnight Lending Facility – Interbank Trading	Monetary tool which allows the bank to obtain overnight liquidity from the BSP on an open-volume basis, against eligible government securities in order to quickly cover short-term liquidity requirements.
Overnight Deposit Facility– Interbank Trading	Monetary tool of the BSP where the bank may place fixed term deposits overnight to mop up excess liquidity.
Overnight Reverse Repurchase Facility– Interbank Trading	Monetary policy instrument by the BSP where it acts as a seller of government securities to the bank with a commitment to buy it back after a specific period of time at a specific rate.
Term Deposit Auction Facility–Interbank Trading	Monetary tool of the BSP where it may accept fixed term deposits from the bank and other participating entities. It will initially be offered in two tenure (7 and 28 days).

Treasury Bills	Government securities which mature in less than a year. Denominated in local currency and are direct, unconditional and fully guaranteed by the Republic of the Philippines. The yields are quoted at a discount.
Treasury Bonds	Government bonds which mature more than one (1) year which are sold at its face value on origination. Denominated in local currency and are direct, unconditional and fully guaranteed by the Republic of the Philippines. The yield is represented by coupons, expressed as percentage of face value on per annum basis, payable quarterly.
US Treasuries	US dollar securities issued by the United States of America. These are backed by full faith and credit of the issuing government, have low liquidity risk and almost zero credit risk.
Peso Corporate/ Institutional Bond	Debt obligations issued by corporations/institutions. These maybe either secured or unsecured. Corporate bonds usually yield more than government or agency bonds and are usually sold in book-entry form. Interest may be fixed, floating or the bonds may be zero-coupons. Interest on corporate bond is typically paid semi-annually and is fully taxable to the bondholder.
Republic of the Philippines Dollar Bonds	Long-term debt obligations of the Philippine Government denominated in United Stated Dollars (USD). These bonds yield fixed rate of interest (coupon) payable semi-annually for the entire life of the securities.
Retail Treasury Bonds	Government bonds which mature more than one (1) year denominated in local currency and are direct, unconditional and fully guaranteed by the Republic of the Philippines. These securities are sold at its face value on origination. The yield is represented by coupons, expressed as percentage of face value on per annum basis, payable quarterly.
Revolving Promissory Note Line	Credit line offered to private corporations, cooperatives and partnerships to augment their operating and working capital requirements. The offered promissory notes are with a term of up to 360 days.
Omnibus Line	Multi-purpose loan offered to private corporations, cooperatives and partnerships depending on their credit requirements.
Discounting Line	Credit line offered to private corporations, cooperatives and partnerships whose businesses normally accept postdated check payments which aims to quickly convert the client's postdated check collections into cash.
Domestic Bills Purchased Line	Credit line offered to private corporations, cooperatives and partnerships to convert their checks and bank drafts into cash by purchasing their checks, drafts, Treasury Warrants and other negotiable peso instruments.

Local Government Unit Loan

Financial assistance offered to local government of provinces, cities and municipalities in providing required basic services to the public which requires large capital expenditures that cannot be solely funded by their annual income alone.

Specifically, the Bank offers the following products and services:

Deposit Products and Cash Management Services

❖ Current Account, Savings Account, Time Deposits, Foreign Currency Deposits:

- Regular Individual Passbook
- Regular Individual ATM
- PVB Employee Passbook
- PVB Employee ATM
- SSS/GSIS Pensioner Passbook
- SSS/GSIS Pensioner ATM
- USVA Pensioner Passbook
- USVA Pensioner ATM
- Veteran Pensioner Passbook
- Veteran Pensioner ATM
- Company Payroll Passbook
- Company Payroll ATM
- Company Payroll with SC Agreement Passbook
- Company Payroll with SC Agreement ATM
- OFW Global Remittance ATM
- OFW Global Remittance Passbook
- OFW Global Remittance US Dollar Passbook
- Trust RA 897 Savings Account Passbook
- VFP Associations Special Account with Passbook (interest-bearing)
- Kiddie
- Corporate w/ Passbook (Regular Account)
- Government w/ Passbook
- Individual FCDU Passbook (US Dollar)
- USVA Pensioner Passbook (US Dollar)
- Corporate Passbook (US Dollar)
- Regular Checking Account
- Special Checking Account (Interest Bearing)
- Special Checking Account with Passbook (Interest Bearing)
- OFW Special Checking Account (Interest Bearing)
- Regular Checking Account (Government)
- MDS Checking Account (Government)
- Case-to-Case Checking Account (Government & Interest Bearing)
- Special Account with Passbook (Government & Interest Bearing)
- Individual Premium Savings Deposit
- Corporate Premium Savings Deposit
- Government Premium Savings Deposit
- Individual Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Corporate Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Government Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Individual FCDU Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Corporate FCDU Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Government FCDU Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Individual Hyper-Saver Time Deposit
- Corporate Hyper-Saver Time Deposit
- Government Hyper-Saver Time Deposit
- Individual Maxi-Return Time Deposit
- Corporate Maxi-Return Time Deposit
- Government Maxi-Return Time Deposit
- Individual Advantage Plus Time Deposit
- Corporate Advantage Plus Time Deposit
- Government Advantage Plus Time Deposit
- CA Special Individual Interest Bearing
- SA Special Individual Interest Bearing
- CA Special Peso Statement Individual Interest Bearing
- AFP Pensioner ATM Pension Account

❖ Cash Management Services:

- Payroll Servicing Facility:
- ATM and ATM IDs

- Payroll System
- DTR System
- Biometric Units - NSL IN02 (Wall-mounted)
- ATM Unit
 - Via Leasing
 - PVB owned (Lobby Type and Through the Wall)
- Deposit Pick-up
- Online Viewing Facility
- E-Gov Facility & Bancnet Online Tax Payment Gateway (BOTPG)
- POS Cash-out and Acquiring
- Bills Payment Facility
- PVAO Door to Door Delivery
- Automatic Debit Arrangement
- Philhealth Payment Collection

❖ **Foreign Exchange**

- We offer foreign exchange services including spot, swaps and forward exchange contracts
- Subject to current BSP rules and regulations.
- Subject to approved Treasury (PSR) Limits.

❖ **Government Securities**

- Also known as sovereign bonds, these are certificates of indebtedness that are unconditionally guaranteed by the National Government and issued thru the Bureau of Treasury.

Treasury Bills

- Securities which mature in less than a year
- Three (3) tenors: 91 day, 182-day and 364-day bills

Treasury Bonds

- Securities which mature beyond 1 year
- Six (6) tenors: 2-year, 5-year, 7-year, 10-year, 20-year

❖ **RoP's Bonds**

- US Dollar denominated bonds issued by the Philippine Government.

❖ **Corporate Bonds**

- Corporate bonds are debt issued by corporations.

Security	Issuer	Minimum Amount	Coupon Rate	Tax
Treasury Bills	Bureau of Treasury	PHP 50,000.00	Discounted	20% withholding tax
Treasury Bond	Bureau of Treasury	PHP 50,000.00	Semi Annual or Quarterly	20% withholding tax
Corporate Bond	Corporation	Subject to Terms and Conditions of the Issuer	Subject to Terms and Conditions of the Issuer	Subject to Terms and Conditions of the Issuer

❖ **Loans and Financial Packaging Services**

- Back-to-back Loans
- Revolving Promissory Note Line (RPNL)
- Domestic Bills Purchase (DBP)
- Case-to-case DBP
- Term Lending
- Letter of Credit (LCs)
- Trust Receipt (TR)
- Open Account (OA)
- Document Against Payment (DP)
- Document Against Acceptance (DA)
- LGU Financing Program
- Purchase of Receivables

❖ **Trust Products & Services**

- Asset Management Services
 - Investment Management Accounts
 - Employee Benefit Trusts
 - Pre-need Plan Trusteeship

- Personal Trusts
 - Personal Management Trust
 - Estate Planning Services
 - Life Insurance Trust
- Trust and Other Fiduciary Services
 - Mortgage/Collateral Trust Indentures
 - Loan Facility Agency
 - Escrow
 - Guardianship - Administratorship

(b) Distribution Methods of Products and Services

PVB's products and services are made available to its clients through its offices, 61 branches nationwide, 200 ATMs, and for some services/products, thru its own ATMs or through other ATM networks. In 2010, PVB has joined BancNet, the largest interbank network in the Philippines.

PHILIPPINE VETERANS BANK BRANCHES

LIST OF BRANCHES

METRO MANILA BRANCHES

Northern Metro Manila Area

- | | |
|--------------------------|--|
| 1. ANTIPOLO BRANCH | - 182 P. Oliveros Street Barangay San Roque, Antipolo City 1870 |
| 2. CALOOCAN BRANCH | - Caloocan Judicial Building, 10th Avenue, Caloocan City |
| 3. CAMP AGUINALDO BRANCH | - PVB Building Boni Serrano Avenue Murphy Cubao, Quezon City 1109 |
| 4. CAMP CRAME BRANCH | - PVB Building Boni Serrano Avenue Camp Crame, Quezon City 1111 |
| 5. GAGALANGIN BRANCH | - PVB Building 2666 Juan Luna Street Gagalangin, Tondo, Manila 1012 |
| 6. MARIKINA BRANCH | - PVB Building G. Fernando corner Redwood Streets San Roque, Marikina City 2600 |
| 7. TAYTAY BRANCH | - Manila East Arcade 2 along Don Hilario Avenue, Taytay Rizal |
| 8. TIMOG BRANCH | - 130 Cabrera I Building Timog Avenue, Quezon City 1103 |
| 9. UP DILIMAN BRANCH | - Ang Bahay ng Alumni R. Magsaysay Avenue corner Balagtas Streets UP Diliman, Quezon City 1101 |

Southern Metro Manila Area

- | | |
|--|---|
| 10. IMUS BRANCH | - JSS Building E. Aguinaldo Highway, Bayan Luma IV, Imus, Cavite 4103 |
| 11. LAS PIÑAS BRANCH | - Units 101-103 The Palm Square Building Pamplona 3, Alabang-Zapote Road, Las Piñas City 1740 |
| 12. MAIN OFFICE SERVICE DEPARTMENT (MOSD) BRANCH | - G/F PVB Building 101 V.A Rufino corner Dela Rosa Streets Legaspi Village Makati City 1229 |
| 13. MUNTINLUPA BRANCH | - G/F CVA Building National Road Brgy Putatan, Muntinlupa City 1772 |
| 14. PARAÑAQUE BRANCH | - 8280 Buenamart Commercial Complex Dr. A. Santos Avenue Barangay San Isidro, Parañaque City 1700 |
| 15. PASAY BRANCH | - Holiday Plaza Commercial Unit 9B and 10A Arnaiz St. (Libertad) Cor. Fb Harrison, Pasay City. |
| 16. PORT AREA BRANCH | - PPA Building A. Bonifacio Drive Port Area, Manila 1018 |
| 17. TAGUIG BRANCH | - G/F VFP MDC Building Veterans Center, Western Bicutan Taguig City 1650 |

PROVINCIAL BRANCHES

LUZON BRANCHES

Central Luzon Area

- | | |
|--------------------|--|
| 18. BALANGA BRANCH | - The Bunker, Capitol Compound, Brgy. Tejenero, Balanga City, Bataan |
|--------------------|--|

19. BALIUAG BRANCH	- PVB Building Rizal corner Barrera Streets Poblacion, Baliuag, Bulacan 3006
20. CABANATUAN BRANCH	- G/F Ramos Building Maharlika Highway, Barrera District Cabanatuan City, Nueva Ecija 3100
21. CLARK BRANCH	- Building 2435 E. Quirino Street, Clark Freeport Zone, Pampanga
22. MALOLOS BRANCH	- Unit 1 & 2 MTKJ Building Paseo del Congreso, Brgy.
23. PANIQUEI BRANCH	- PVB building Zamora corner Burgos Streets Paniqui, Tarlac 2307
24. SAN FERNANDO, PAMPANGA BRANCH	- Unit 2-3 The Peninsula Plaza MacArthur Highway, Dolores San Fernando City, Pampanga 2000
Northern Luzon Area	
25. BAGUIO BRANCH	- Pine Lake View Building, Rizal Park Road 1 corner Otek Street, South Road, Baguio City
26. DAGUPAN BRANCH	- G/F CAP Building Burgos Street, Dagupan City, Pangasinan 2400
27. LA UNION BRANCH	- PVB Building P. Burgos Street, Barangay Ilocanos Sur, San Fernando City, La Union 2500
28. LAOAG BRANCH	- PVB Building Gen Segundo Avenue, Barangay 13 Laoag City, Ilocos Norte 2900
29. LINGAYEN BRANCH	- RBP Building Avenida Rizal West Poblacion, Lingayen, Pangasinan 2401
30. SANTIAGO BRANCH	- Eveready Building, Magsaysay St. corner Maharlika Highway, Victory Norte, Santiago City, Isabela 3311
31. TUGUEGARAO BRANCH	- PVB Building Mabini corner Luna Streets Tuguegarao, Cagayan 3500
Southern Luzon Area	
32. BATANGAS BRANCH	- G/F CAP Building #53 Rizal Avenue Batangas City, Batangas 4200
33. CALAMBA BRANCH	- PVB Building Crossing Barangay Real Calamba City, Laguna 4027
34. LEGAZPI BRANCH	- PVB Building Peñaranda Street, Legazpi City, Albay 4500
35. LIPA BRANCH	- SMB Building Brgy. Marauoy Lipa City, Batangas 4217
36. LUCENA BRANCH	- G/F CAP Building C.T. Profugo corner Granja Streets Barangay V, Poblacion, Lucena City, Quezon 4301
37. NAGA BRANCH	- PVB Building Elias Angeles Street Naga City, Camarines Sur 4400
38. PUERTO PRINCESA BRANCH	- Rizal Avenue, Barangay Tanglaw Puerto Princesa City, Palawan 5300
39. SAN JOSE BRANCH	- PVB Building Quirino corner Rizal Streets San Jose, Occidental Mindoro 5100
40. SAN PABLO BRANCH	- LiAngelo Building, Km 80 Maharlika Highway, Brgy. San Rafael, San Pablo City, Laguna 4000
41. STO. TOMAS BRANCH	- G/F Plaza Veridad Commercial Complex along J.P. Laurel Highway, Brgy. San Roque, Sto. Tomas, Batangas
42. TALISAY-SATELLITE BRANCH	- Unit 101/ 102 Paseo de San Guillermo, Club Balai Isabel, Barangay Banga, Talisay, Batangas
VISAYAS BRANCHES	
43. BACOLOD BRANCH	- PVB Building General Lacson Street corner Cottage Road Bacolod City, Negros Occidental 6100
44. CATARMAN BRANCH	- Ortiz Bldg., Eusebio Moore cor. Bonifacio Sts., Brgy. Mabolon, Catarman 6400
45. CEBU BRANCH	- G/F PVB Building Osmeña Boulevard Cebu City, Cebu 6000
46. DUMAGUETE BRANCH	- PVB Building Percides corner San Juan Streets Dumaguete City, Negros Oriental 6200
47. ILOILO BRANCH	- PVB Building Valeria corner Delgado Streets Iloilo City, Iloilo 5000
48. KALIBO BRANCH	- Ruiz-Igtanloc Building Capitol Site Kalibo, Aklan 5600
49. MANDAUE BRANCH	- Unit 103-106 Arcada 5, Lopez Jaena National Highway Tipolo, Mandaue City
50. ROXAS BRANCH	- PVB Building Legaspi corner P. Gomez Streets Roxas City, Capiz 5800
51. TACLOBAN BRANCH	- PVB Building Justice Romualdez Street Tacloban City, Leyte 6500
52. TAGBILARAN BRANCH	- PQVC Business Plaza C.P Garcia Avenue Tagbilaran City, Bohol 6300

MINDANAO BRANCHES

- | | |
|---------------------------|--|
| 53. BUTUAN BRANCH | - JC Aquino Avenue corner Imadejas Subdivision Butuan City, Agusan del Norte 8600 |
| 54. CAGAYAN DE ORO BRANCH | - PVB Building R.N Abejuela corner Tiano Brothers Streets Cagayan de Oro City, Misamis Oriental 9000 |
| 55. DAVAO BRANCH | - PVB Building CM Recto Street, Barrio Sexy, Davao City, Davao 8000 |
| 56. GENERAL SANTOS BRANCH | - Tri-star Building I. Santiago Boulevard General Santos City, South Cotabato 9500 |
| 57. KIDAPAWAN BRANCH | - CAP Building, Quezon Blvd. (National Highway) corner Datu Matalam Street, Kidapawan City, North Cotabato |
| 58. KORONADAL BRANCH | - YMEI Building General Santos Drive Koronadal, South Cotabato 9506 |
| 59. PAGADIAN BRANCH | - KC Building, Rizal Avenue, Balangasan District, Pagadian City, Zamboanga del Sur 7016 |
| 60. VALENCIA BRANCH | - Ground Floor GV Hotel, Triple J Building, Sayre National Highway, Valencia, Bukidnon |
| 61. ZAMBOANGA BRANCH | - PVB Building Governor Lim Avenue corner Saavedra Streets, Zamboanga City, Zamboanga del Sur 7000 |

LIST OF ATMS

NORTH METRO MANILA (ON-SITE)

- | | |
|----------------------|--|
| 1. Camp Aguinaldo | - Boni Serrano Ave., Camp Aguinaldo, Quezon City |
| 2. Camp Crame | - Boni Serrano Ave., Camp Crame, Quezon City |
| 3. Gagalangin Branch | - PVB bldg., 2666 j. Luna Street, Gagalangin, Tondo, Manila |
| 4. Timog | - 130 Cabrera I Bldg., Timog Avenue, Quezon City |
| 5. Marikina | - PVB Bldg. A. Tuazon corner Redwood St. San Roque, Marikina City 2600 |
| 6. Antipolo | - Unit 1-4, BAJ Building, P. Oliveros St., Antipolo City, Rizal |
| 7. Caloocan | - Caloocan Judicial Building, 10th Ave. Caloocan City |
| 8. UP Diliman Branch | - Ang Bahay ng Alumni R. Magsaysay Avenue corner Balagtas Streets UP Diliman, Quezon City 1101 |
| 9. Taytay Branch | - Unit 104 Manila East Arcade 2 Bldg. Don Hilario Cruz Avenue Brgy. San Juan, Taytay Rizal |

NORTH METRO MANILA (OFF-SITE)

- | | |
|---|---|
| 10. Camp Aguinaldo (AFPFC MPC) | - AFP FC MPC Bldg. Main Entrance Boni Serrano 18th Ave., Q.C. |
| 11. Camp Crame (Brgy. Socorro) | - Ground Floor Lobby Area, Brgy. Socorro Hall # 1 15th Avenue corner Bonny Serrano Ave., Brgy. Socorro, Quezon City |
| 12. Marikina (Marikina City Hall 1) | - Marikina City Hall, Marikina City |
| 13. Marikina (Marikina Cityhall 2) | - Marikina City Hall, Marikina City |
| 14. Marikina (Brgy. Concepcion 1) | - Brgy. Concepcion Uno Hall Entrance J. Flora St., Marikina City |
| 15. Marikina (Marikina Finance Bldg.) | - Shoe Ave. Sta Elena, Marikina City Finance Bldg. City Hall Grounds |
| 16. Marikina (Sports Plaza) | - Marikina Sports Park, Jacamar St., Brgy. Sta. Elena, Marikina City |
| 17. UP Diliman (Lung Center of the Phil.) | - Lung Center of the Philippines, Quezon Ave., Quezon City |
| 18. UP Diliman (NHA 1) | - National Housing Authority Elliptical Road, Quezon City |
| 19. UP Diliman (NHA 2) | - National Housing Authority Elliptical Road, Quezon City |
| 20. UP Diliman (Cashier Office) | - UP Coop Bldg., UP Campus, Diliman, QC |
| 21. Marikina (Rizal Provincial Capitol) | - Rizal Provincial Capitol, Circumferential Road, Antipolo City, Rizal |
| 22. Aguinaldo (PVAO) | - PVAO, PVAO Bldg., Camp Gen. Emilio Aguinaldo, Murphy, Cubao, Quezon City |
| 23. Antipolo (Binangonan Municipal) | - Municipality of Binangonan, Binangonan Rizal |
| 24. Crame (Dep-Ed Cainta) | - DepEd Region 4-a office Karangalan village Cainta, Rizal |
| 25. Marikina (Rodriguez Municipal) | - Municipality of Rodriguez (formerly Montalban, Rizal) |
| 26. Marikina (Rodriguez Municipal 2) | - Municipality of Rodriguez (formerly Montalban, Rizal) |
| 27. Markina (RPHS Casimiro) | - Casimiro A. Ynares, Sr. Memorial Hospital in Rodriguez, Rizal |
| 28. Timog (LRA) | - East Ave, Cor. Nia Road, Diliman, Quezon City |
| 29. Marikina (PLMar-1) | - PLM, Brazil St. Greenheights Subd. Concepcion Uno, Marikina City |

- | | | |
|-----|------------------------------------|--|
| 30. | Timog (PNR) | - PNR Executive Bldg., Mayhaligue street corner Dagupan Street, Tondo, Manila |
| 31. | Antipolo (Antipolo City Hall) | - Antipolo City Hall, Antipolo City, Rizal |
| 32. | Marikina (PLMar-2) | - PLMAR (New Campus) Rainbow cor. Russet street SSS village, Conception Dos, Marikina City |
| 33. | Timog (NEA) | - National Electrification Authority, NEA BLDG, NIA Road Govt Center Diliman Quezon City |
| 34. | Antipolo (Binangonan – BRCC) | - BRCC, Manila East Road, Barangay Batingan, Binangonan Rizal |
| 35. | Antipolo (Antipolo City Hall 2) | - 2nd Floor Antipolo City Hall, Antipolo City, Rizal |
| 36. | Antipolo (Rizal Provincial Ynares) | - Ynares Complex Circumferential Road Brgy. San Roque, Antipolo City |
| 37. | Antipolo (Binangonan Municipal 2) | - Municipality of Binangonan, Binangonan Rizal |
| 38. | Antipolo (RPHS Binangonan) | - RPHS Binangonan: Rizal Provincial Hospital System - Annex 1134 Darangan, Binangonan, Rizal |

SOUTH METRO MANILA (ON-SITE)

- | | | |
|-----|-------------------------|---|
| 39. | MOSD-Head Office (H.O.) | - 101 Rufino cor. Dela Rosa St., Legaspi Village, Makati City |
| 40. | Pasay Branch | - Unit 9-B and 10-A, Liberty Commercial Center, Libertad Street, Pasay City |
| 41. | Taguig | - Veterans Center, Taguig, Metro Manila |
| 42. | Taguig 2 | - Veterans Center, Taguig, Metro Manila |
| 43. | Port Area 1 | - PPA Building A. Bonifacio Drive, South Harbor Port Area, Manila |
| 44. | Port Area 2 | - PPA Building, PMO Office, South Harbor, Manila |
| 45. | Paranaque Branch | - Buenamart Commercial Complex Dr. A. Santos Avenue Barangay San Isidro, Parañaque City |
| 46. | Muntinlupa | - CVA Bldg. National H-way Muntinlupa City |
| 47. | Las Pinas Branch | - Units 101-103 The Palm Square Building Pamplona 3, Alabang-Zapote Road, Las Piñas City 1740 |
| 48. | Imus Branch | - JSS Building E. Aguinaldo Highway, Bayan Luma IV, Imus, Cavite 4103 |

SOUTH METRO MANILA (OFF-SITE)

- | | | |
|-----|--|--|
| 49. | Las Piñas Branch (LPGH) | - LPGH Bernabe Compound, Pulang Lupa Las Pinas City |
| 50. | Muntinlupa (Muntinlupa – San Pedro) | - San Pedro Municipal Govt., New Municipal Hall, Cataquiz1, Brgy. Pablacion, San Pedro, Laguna |
| 51. | Muntinlupa (Muntinlupa – San Pedro 2) | - San Pedro Municipal Govt., New Municipal Hall, Cataquiz1, Brgy. Pablacion, San Pedro, Laguna |
| 52. | Muntinlupa (Muntinlupa – San Pedro 3) | - San Pedro Municipal Govt., New Municipal Hall, Cataquiz1, Brgy. Pablacion, San Pedro, Laguna |
| 53. | Taguig (Taguig City hall) | - Taguig City Hall, Taguig City, Metro Manila |
| 54. | Port Area (North Harbor) | - Pier 8, Marcos Road, North Harbor, Tondo Manila |
| 55. | Port Area (South Harbor) | - Marsman Bldg. MDSF St., South Harbor Port Area Manila |
| 56. | Parañaque Branch (Parañaque City Hall) | - City hall Lobby near Treasurer Office, Paranaque City |
| 57. | Muntinlupa
(Muntinlupa - Ospital ng Muntinlupa) | - Ospital ng Muntinlupa, Civic Drive Filinvest Corp. City, Alabang, Muntinlupa City |
| 58. | Muntinlupa (Osmum 2) | - Ospital ng Muntinlupa, Civic DriveFininvest Corp. City, Alabang, Muntinlupa City |
| 59. | Imus (Trece Martirez) (GRG) | - Trece Martires City Hall, Brgy. San Agustin, Trece Martires City, Cavite |
| 60. | Imus (Trece Martirez 2 (GRG) | - Trece Martires City Hall, Brgy. San Agustin, Trece Martires City, Cavite |
| 61. | Pasay (Bargangay 183 Villamor Airbase) | - Barangay 183 Villamor Airbase, Pasay City |

CENTRAL LUZON (ON-SITE)

- | | | |
|-----|---------------------|--|
| 62. | Clark 1 Branch | - Bldg. 2435 Elpidio Quirino St, Clarkfield, Pampanga |
| 63. | Clark 2 Branch | - Bldg. 2435 Elpidio Quirino St, Clarkfield, Pampanga |
| 64. | San Fernando Branch | - Unit 3-4 The Peninsula Plaza, McArthur Highway, Dolores, San Fernando City, Pampanga |
| 65. | Paniqui Branch | - PVB Building, corner Burgos Streets Paniqui, Tarlac |

66.	Baliuag Branch	- PVB Bldg., Rizal corner Barrera Street, Poblacion, Baliuag City, Bulacan
67.	Balanga Branch	- Saver's Digital Hub Appliance Depot Building, Rizal Ave., Tapinac, Olongapo City
68.	Malolos Branch	- MTKJ Bldg., Paseo del Congreso, Brgy. Catmon, Malolos City, Bulacan
69.	Cabanatuan Branch	- G/F Ramos Building Maharlika Highway, Barrera District Cabanatuan City, Nueva Ecija 3100
CENTRAL LUZON (OFF-SITE)		
70.	Clark (CDC Office)	- Bldg. 2122 Elpidio Quirino St. Clark Freeport Zone, Philippines
71.	San Fernando (Pampanga Provincial)	- Provincial Capitol of Pampanga (outside Benigno Aquino Hall Area) Capitol Boulevard, San Fernando, Pampanga
72.	Cabanatuan (Cabanatuan City Hall)	- City Government of Cabanatuan, Cabanatuan City
73.	Cabanatuan (NEECO)	- Nueva Ecija Electric Cooperative, Talavera, Nueva Ecija
74.	Paniqui (Gerona Municipal)	- Municipal Hall of Gerona, Gerona, Tarlac
75.	Paniqui (Gerona Municipal 2)	- Municipal Hall of Gerona, Gerona, Tarlac
76.	Paniqui (Paniqui Municipal)	- Municipal Building Compound Frontage Parking Area, Tarlac
77.	Baliuag (Angat Municipal)	- Municipality of Angat, Angat, Bulacan
78.	Baliuag (Angat Municipal 2)	- Municipality of Angat, Angat, Bulacan
79.	Baliuag (Bustos Municipal)	- BMA Avenue, Poblacion Bustos, Bulacan
80.	Balanga (Victory Liner)	- Ground Floor, Victory Central Station Anonas S. Cor. 18 West BajacBajac
81.	Malolos Branch (Calumpit Municipal)	- Purok Uno, Barangay San Marcos, Calumpit, Bulacan
NORTH LUZON (ON-SITE)		
82.	Dagupan Branch	- Ground Floor, CAP Bldg., Burgos St., Dagupan City, Pangasinan
83.	Tuguegarao Branch	- Mabini cor. Luna St., Tuguegarao
84.	La Union Branch	- P. Burgos St., San Fernando La Union
85.	Lingayen Branch	- RBP Building, Avenida Rizal West, Poblacion, Lingayen, Pangasinan
86.	Baguio Branch	- Cariño corner Otek Sts., Baguio City 2600
87.	Laoag Branch	- PVB Bldg., Segundo Avenue, Laoag City, Ilocos Norte
88.	Santiago Isabela Branch	- Bretania Building Camacam corner Turingan Streets Centro East, Santiago City, Isabela 3311
NORTH LUZON (OFF-SITE)		
89.	Dagupan (San Jacinto Municipal)	- Municipal Hall, San Jacinto, Poblacion San Jacinto, Pangasinan
90.	Dagupan (LGU Sta. Barbara)	- Poblacion Norte, Sta. Barbara Pangasinan
91.	La Union (La Union DepEd)	- Florez Street, Catbangan, City of San Fernando, La Union
92.	Lingayen (LGU Lingayen)	- Municipality of Lingayen, Poblacion, Lingayen, Pangasinan
93.	La Union (ITRMC)	- Ilocos Training Regional Medical Center Bldg., Brgy. Parian, San Fernando City, LU
94.	La Union (LGU Bauang)	- Central West Bauang, La Union
95.	Baguio (Baguio City Hall 1)	- Kayang St. Ext., Baguio City
96.	Baguio (Baguio City Hall 2)	- Kayang St. Ext., Baguio City
97.	Santiago (DVMC)	- De Vera Medical Center, Santiago City Isabela
SOUTH LUZON (ON-SITE)		
98.	Calamba Branch	- Crossing, Brgy. Real, Calamba City
99.	Lipa Branch	- SMB Building, Brgy. Marawoy, Lipa City, Batangas
100.	Lucena Branch	- G/F CAP Building C.T. Profugo corner Granja Streets Barangay V, Poblacion, Lucena City, Quezon
101.	Batangas Branch	- Ground Floor, CAP bldg. Unno P. Burgos cor. Calle Alegre Street, Batangas City
102.	Naga Branch	- PVB Building, Elias St., Naga City

103. Palawan Branch	- PVB Bldg., Rizal Ave., Puerto Princesa City, Palawan
104. Palawan Onsite 2	- PVB Bldg., Rizal Ave., Puerto Princesa City, Palawan
105. Legaspi Branch	- PVB Bldg., Peñaranda Street, Legaspi City
106. Talisay Branch	- Unit 101 / 102 Paseo de San Guillermo, Club Balai Isabel, Talisay, Batangas
107. Sto. Tomas	- Plaza Veridad, Brgy, San Roque Sto. Tomas City, Batangas
108. San Jose Branch	- PVB Building Quirino corner Rizal Street San Jose, Occidental Mindoro 5100
109. San Pablo Branch (GRG)	- Azores Building Lopez Jaena corner Regidor Streets San Pablo City, Laguna 4000
SOUTH LUZON (OFF-SITE)	
110. Calamba (UPLB Student Union)	- UPLB Students Union Bldg. UPLB, Los Baños, Laguna
111. Calamba (UP Open Univ.)	- UP Open University, Los Baños Laguna
112. Calamba (Calamba City Hall)	- Calamba Cityhall Calamba Laguna
113. Lipa (San Pascual Municipal)	- San Pascual Public Market, Bauan-Batangas Prov. Rd, San Pascual, Batangas
114. Lipa (Malvar Municipal)	- Malvar Municipal Hall, San Pioquinto, Malvar Batangas
115. Lipa (San Pascual Municipal)	- San Pascual Public Market, Bauan-Batangas Prov. Rd, San Pascual, Batangas
116. Lucena (Lucena PHIC)	- Philhealth Office, Lucena Grand Terminal, Brgy. Ilayang, Dupay, Lucena City
117. Lucena (Tayabas Municipal)	- J.P. Rizal, Tayabas Municipal, Tayabas, Quezon
118. Lucena (Tayabas Municipal 2)	- J.P. Rizal, Tayabas Municipal, Tayabas, Quezon
119. Lucena (PPA PMO Marquez)	- New Operation Building Talaw-talaw Port Area, Lucena City
120. Batangas (Lobo Municipal)	- Lobo Municipal, Lobo, Batangas
121. Batangas (Batangas Provincial)	- Batangas Capitol Site, Batangas City, Batangas
122. Batangas (Batangas Provincial 2)	- Batangas Capitol Site, Batangas City, Batangas
123. Batangas (Batangas Provincial 3)	- Batangas Capitol Site, Batangas City, Batangas
124. Batangas (PPA Batangas)	- Port Access Road, Diversion Calicanto, Batangas City
125. Batangas (Rural Bank of NAGON)	- ALCANTARA STREET, AGONCILLO PROVINCE OF BATANGAS
126. Naga (BMC)	- Bicol Medical Center BMC Compound Concepcion Pequena, Naga City
127. Naga (BISCAS)	- BISCAS, Penafrancia Ave, Naga City
128. Naga (Naga Magarao)	- Municipality of Magarao, Camarines Sur
129. Naga (Milaor Municipal)	- Municipal Hall, Sto. Domingo, Milaor Camarines Sur
130. Naga (Canaman Municipal)	- Municipal Bldg., Brgy. Dinaga Canaman, Camarines Sur
131. Naga (Minalabac Municipal)	- Municipal Bldg., Brgy. San Juan San Lorenzo Minalabac, Camarines Sur
132. Palawan (Hospital ng Palawan)	- 220 Malvar Street Barangay San Miguel, Puerto Prinsesa City
133. Palawan (Palawan Municipal)	- Provincial Government of Palawan
134. Legazpi (BRTTH)	- Bicol Regional Training and Teaching Hospital Rizal St., Legaspi City
135. Legazpi (BRTTH2)	- Bicol Regional Training and Teaching Hospital Rizal St., Legaspi City
136. Legazpi (Legazpi City Hall)	- Legazpi City Government, Legazpi City, Albay
137. Legazpi (Legazpi City Hall 2)	- Legazpi City Government, Legazpi City, Albay
138. Legazpi (Sto Domingo Municipal)	- Brgy. San Vicente, Sto Domingo, Albay
139. Legaspi (Prov. Gov't. Albay 1)	- Albay Capitol, Legaspi City
140. Legaspi (Prov. Gov't. Albay 2)	- Albay Capitol, Legaspi City
VISAYAS (ON-SITE)	
141. Cebu Branch	- Jones Avenue, Cebu City (right beside PS Bank and adjacent to the SSS Bldg.)
142. Iloilo Branch	- PVB Bldg., Valeria cor. Delgado Sts., Iloilo City
143. Bacolod Branch	- PVB Bldg., Gen. Lacson St. corner Cottage Road, Bacolod City
144. Mandaue Branch	- Aracada 5, Lopez Jaena National Highway Atipolo, Mandaue City
145. Dumaguete Branch	- Perdices corner San Juan Streets, Dumaguete City

- 146. Roxas Branch - PVB Building Legaspi corner P. Gomez Streets Roxas City, Capiz
- 147. Catarman Branch - 108 Jacinto Street Barangay Molave Catarman, Northern Samar
- 148. Tagbilaran Branch - PQVC Business Plaza C.P Garcia North Avenue Tagbilaran City, Bohol 6300
- 149. Kalibo Branch - Ruiz-Igtanloc Bldg., Provincial Capitol, Kalibo, Aklan
- 150. Tacloban Branch (GRG) - PVB Building Justice Romualdez Street Tacloban City, Leyte 6500
- 151. Tacloban Branch 2 (GRG) - PVB Building Justice Romualdez Street Tacloban City, Leyte 6500

VISAYAS (OFF-SITE)

- 152. Cebu (UP Cebu) - University of the Phil. Cebu, Lahug, Cebu City, Cebu
- 153. Cebu (Cebu Phic) - Golden Pick Hotel, Gorordo Ave. Cebu City
- 154. Tacloban (Philhealth Tacloban) - Philhealth Iloilo, Tacloban City
- 155. Tacloban (Tanauan Municipal) - 888 Real St. Tanauan Municipality of Tanauan Municipal Hall
- 156. Bacolod (LGU) - Barangay Poblacion, Bago City Bago City Coliseum
- 157. Bacolod (LGU 2) - Barangay Poblacion, Bago City Bago City Coliseum
- 158. Mandaue (Mandaue City Hall) - Mandaue City Hall, Centro Mandaue, Mandaue City, Cebu
- 159. Mandaue (Mandaue City Hall 2) - Mandaue City Public Market, B. Ceniza St. cor P. Gomez St, Centro, Mandaue City
- 160. Dumaguete (PPA Dumaguete) - PPA-PMO Negros Oriental Port Area Looc, Dumaguete City
- 161. Dumaguete (Dumaguete City Hall) - Dumaguete City Hall, Sta. Catalina Street Dumaguete City
- 162. Dumaguete (Dumaguete City Hall 2) - Dumaguete City Hall, Sta. Catalina Street Dumaguete City
- 163. Dumaguete (Dumaguete City Engineer Office) - Port Area Looc Dumaguete City Negros Oriental
- 164. Roxas (Munisipyo ng Dumalag) - Poblacion, Dumalag, Capiz, Munisipyo ng Dumalag
- 165. Kalibo (Banga Municipal) - Banga Municipal Hall, Rosal Street, 5601, Banga, Aklan
- 166. Tagbilaran (Panglao Municipal) - Municipal Bldg. of Panglao, Panglao Bohol
- 167. Tagbilaran (Anda Bohol Municipal) - Anda Bohol Municipal
- 168. Tagbilaran (Municipal of Loay) - Municipality of Loay Public Market, Loay
- 169. Kalibo (Aklan Provincial (Jetty Port) - Barangay Caticlan, Malay Aklan Caticlan Jetty Port

MINDANAO (ON-SITE)

- 170. Davao Recto Branch - CM Recto Street, Davao City
- 171. Cagayan De Oro Branch - PVB Bldg., Abejuela cor. Tiano Bros. Street Cagayan de Oro City
- 172. Zamboanga Branch - Gov. Lim Ave. Cor. Saavedra St., Zamboanga City, Zamboanga
- 173. Zamboanga Branch 2 - Gov. Lim Ave. Cor. Saavedra St., Zamboanga City, Zamboanga
- 174. Gen. Santos Branch - Naranjita St., General Santos City
- 175. Gen. Santos Branch 2 - Naranjita St., General Santos City
- 176. Butuan Branch - PVB Bldg., National Highway, JC Aquino Ave. cor. Emadejos Road, Butuan City
- 177. Koronadal Branch - YMEI Bldg., General Santos Drive, Koronadal, South Cotabato
- 178. Pagadian Branch - JAVAVED Business Corp. Bldg., Rizal Avenue, Pagadian City, Zamboanga Del Sur
- 179. Kidapawan Onsite - CAP Building, Quezon Blvd. corner Datu Matalam Street, Kidapawan City, North Cotabato
- 180. Valencia Branch - Ground Floor GV Hotel, Triple J Building, Sayre National Highway, Valencia, Bukidnon

MINDANAO (OFF-SITE)

- 181. Davao (PPA Davao) - PPA Davao, Km. 10 Sasa, Davao City
- 182. Davao (PPA Davao 2) - PPA Davao, Km. 10 Sasa, Davao City
- 183. CDO (CDO City Hall) - City Hall Compound, Capistrano-Hayes Sts., Cagayan De Oro City
- 184. Zamboanga (DECS) - DECS Region 9 Office, Normal Street., San Jose Road, Zamboanga
- 185. Zamboanga (Zamboanga DOH) - Upper Calarian Zamboanga City

- | | |
|--|---|
| 186. Gensan (PPA Gensan) | - Macarwharf, Brgy. Labangan, General Santos City. |
| 187. Gensan (Gensan GSC Temp) | - GSC Teachers and Employees Multipurpose coop. GSCES, Quirino Ave., Brgy. South, Gensan City, South Cotabato |
| 188. Gensan (Gensan Deped) | - Tionson St. Lagao General Santos City |
| 189. Butuan (Aneco) | - Aneco Bldg., J.C. Aquino Ave., Brgy. Bayanihan, Butuan City, Agusan del Norte |
| 190. Butuan (PPA Butuan) | - Port Area, Brgy. Talisay, Nasipit, Agusan del Norte |
| 191. Butuan (Carmen Municipal) | - Treasurer's Office, Municipal Hall, Municipality of Carmen, Agusan Del Norte |
| 192. Koronadal (South Cotabato Provincial) | - Provincial Capitol of South Cotabato, Koronadal City, South Cotabato |
| 193. Koronadal (Koronadal Cityhall) | - Gensan Drive, Brgy. Zone III, City of Koronadal |
| 194. Koronadal (Surallah Municipal) | - Sangguniang Bayan Session Road, Barangay Libertad Surallah, South Cotabato Province |
| 195. Pagadian (Zamboanga Del Sur Provincial) | - Capitol Building Sto Nino District, Pagadian City |
| 196. Pagadian (Sangguniang Panlalawigan) | - Ground Floor Sangguniang Panlalawigan Bldg., Pagadian City |
| 197. Pagadian (Deped Pagadian) | - PCCA Government Center Balintawak Pagadian City |
| 198. Kidapawan (Makilala Municipal) | - Municipal of Makilala, North Cotabato |

3. Status of Publicly Announced New Products and Services

Not applicable

4. Competition

PVB competes with both domestic and foreign banks that operate in the Philippines. In light of such competitive environment, PVB continues to focus on its key strength as a private commercial bank authorized as a government depository as mandated in its charter. As in previous years, PVB leverages this competitive advantage to make it a strong player in its niche market and chosen businesses.

PVB's exclusive right as the only commercial bank that is allowed to serve both public and private entities has been reinforced with the passage in January 2022 of Republic Act 11597 which also serves as the Bank's updated charter.

Capitalizing on its ability to serve both public and private clientele PVB continues to provide loans to LGUs and selected GOCCs, including salary loans to their employees, middle market loans, selective corporate lending, housing loans, trading of fixed-income instruments, and foreign exchange. As the "Bank with a Heart for Every Filipino", PVB continues to target new customers who are less serviced by big banks to ensure that it is profitable enough to fulfill its commitment to support projects and activities for the benefit of veterans, their heirs, and descendants.

The Bank is also keen on providing services to the Armed Forces of the Philippines and all its branches as well as the Philippine National Police, Philippine Coast Guard; their personnel, both active and retired, as well as their families, and the communities they belong to. To this end, PVB is positioning itself to be the bank not only of the veteran community but of the uniformed services as well.

By being focused on its areas of strength, PVB is able to properly concentrate its resources and capital to ensure service excellence, sound risk management, and upright corporate governance.

5. Transactions with and/or dependence on related parties

Except in the ordinary course of business such as DOSRI loans, there are no material transactions with and/or dependence on related parties. These loans and other transactions are in accordance with the Bank's policy and are conducted at arm's length basis at fair market prices and upon terms not less favorable to Bank than those offered to others and in compliance with all regulatory requirements. Refer to Note 25 of the attached 2022 Audited Financial Statements of PVB for the details of related party transactions. This includes but not limited to insurance on loans and Project Management for construction and renovation of the branches.

6. Trademarks, Licenses, Franchises, etc.

The Bank is also not dependent on any patents, trademarks, copyrights, licenses, franchises, and royalty agreements. However, PVB, to the exclusion of all other banks, has the exclusive right to use the word "veterans" in its name or title pursuant to Section 25 of R.A. No. 3518.

7. Sources and Availability of Raw Materials and the names of principal suppliers.

Not applicable.

8. Disclose how dependent the business is upon a single customer or a few customers.

As a government depository bank, PVB's bulk of deposit business is from LGUs and other government agencies, which account for 56.53% of its total deposit liabilities as of December 31, 2022. While a loss of government depository status will impact on PVB's deposit business, such a scenario is very much unlikely and remote since the government depository status was conferred by law, and any revocation will require amendment of its charter. In addition, the Department of Finance has revoked its rule that requires national agencies, state-run corporations and local government units to deposit their funds only in government financial institutions.

9. Need for any government approval of principal products or services.

The Bank regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

10. Effect of existing or probable governmental regulations on the business

As a domestic commercial bank, PVB is governed by the law that created it, the rules and regulations of the BSP, SEC, PDIC, Anti-Monetary Laundering Council, and other government regulators. The Bank observes and complies with all applicable government laws, rules and regulations.

11. Amount spent on research and development activities

There are no major expenses on research and development activities, and these are just incorporated into the ordinary business expense of the Bank

12. Cost and effect of compliance with environmental laws.

Not Applicable.

13. Total number of employees

PVB's manpower complement (excluding contractual employees) is shown below:

Functions	2022			2021			2020		
	Officer	Staff	Total		Officer	Staff	Total		Officer
Marketing	108	26	134	Marketing	108	26	134	Marketing	108
Operations	97	275	372	Operations	97	275	372	Operations	97
Technical	33	25	58	Technical	33	25	58	Technical	33
Support	115	128	243	Support	115	128	243	Support	115
Oversight	38	8	46	Oversight	38	8	46	Oversight	38
Total	389	498	853	Total	389	498	853	Total	389

PVB has concluded its negotiation of the economic provisions with the New Philippine Veterans Bank Employees Union (NPVBEU), effective September 1, 2020 to August 31, 2025.

Year 2018-2022 CBA

September 01, 2018	August 31, 2019	950	4th Year Salary Increase
		13,000	(1) time Contract –Signing Goodwill Bonus (taxable)
September 01, 2019	August 31, 2020	1,000	5th Year Salary Increase
September 01, 2020	August 31, 2021	0	CBA year 1: No salary increase
September 01, 2021	August 31, 2022	15,000	CBA year 2: No salary increase <u>Signing Bonus</u> Php10,000.00 – payable upon the signing of this agreement Php 5,000.00 – payable on or before June 30, 2022
September 01, 2022	August 31, 2023	1,000	CBA year3: With CBA Increase

MARKET INFORMATION AND RELATED MATTERS

1. Market Information

The Bank's shares are not traded in the stock exchange. There was no sale of any securities made by the Bank within the last three (3) years. The book value of the Bank's shares for the last five (5) years is as follows:

2022	2021	2020	2019	2018
88.98	87.16	142.02	161.47	126.80

❖ **Principal market where the equity is traded**

Not Applicable

❖ **Market Value**

Not Applicable

2. Holders

The total number of shareholders on record (Common & Preferred) as of May 16, 2023 is 396,479.

As of May 16, 2023, the total number of Common Shares outstanding is 23,519,870 while the total number of Preferred Shares outstanding is 3,612,812 shares.

The Top 20 Stockholders of Common Shares as of May 16, 2023:

	Name	Number of Shares Held	% to Total
1.	MENDOZA, Raymond Democrito C	76,454	0.3251%
2.	SAMSON, Luis F	33,224	0.1413%
3.	DE OCAMPO, Emmanuel V	15,684	0.0667%
4.	ANDRES, Romulo C	14,788	0.0629%
5.	REYES, Dedicacion A	14,276	0.0607%
6.	SAN MIGUEL, Francisco T	13,316	0.0566%
7.	ZAGALA, Cynthia P	13,188	0.0561%
8.	DE OCAMPO, Roberto F	10,324	0.0439%
9.	AGLIPAY, Marinette Y	10,000	0.0425%
10.	DE LOS SANTOS, Jaime S	10,000	0.0425%
11.	SARMIENTO, Hildo A	9,091	0.0387%
12.	LEYVA, Geo F	7,424	0.0316%
13.	CABANOS, Esteban B	7,028	0.0299%
14.	DAVID, Norberto D	6,400	0.0272%
15.	SALAZAR, Jorge Q	6,336	0.0269%
16.	CABANERO, Leonardo	5,952	0.0253%
17.	GARCIA, Priscilla G	5,696	0.0242%
18.	LLAMAS, Alicia C	5,440	0.0231%
19.	ALZAGA, Primo B	5,000	0.0213%
20.	NAVARRO, Helene H	4,672	0.0199%
	Others (392,294 Stockholders)	23,245,587	98.8338%
	TOTAL	23,519,870	100.0000%

The Top 20 Stockholders of Preferred Shares as of May 16, 2023:

	Name	Number of Shares Held	% to Total
1.	CID, Virginia S.	1,140	0.0316%
2.	LEYVA, Geo F.	760	0.0210%
3.	QUIAMBAO, Eufracio C.	710	0.0197%
4.	PILAPIL, Eduardo P.	500	0.0138%
5.	DUMLAO, Liberty S.	460	0.0127%
6.	LLAMAS, Alicia C.	440	0.0122%
7.	RAMOS, Matea R.	410	0.0113%
8.	DE OCAMPO, Emmanuel V.	400	0.0111%
9.	ESPINO, Romeo C.	340	0.0094%
10.	NAVARRO, Helene H.	330	0.0091%
11.	CABANOS, Esteban B.	300	0.0083%
12.	ARNALDO, Gregoria C.	280	0.0078%
13.	SALONGA, Roel E.	270	0.0075%
14.	PUJEDA, Carmen C.	230	0.0064%
15.	ARCEO, Juan O.	210	0.0058%
16.	VALERO, Carlos G.	200	0.0055%
	SAMSON, Luis F.	200	0.0055%
17.	PROFETA, Atanacio S.	190	0.0053%
	BASAONG, Ignacio	190	0.0053%
18.	POE, Francisca O.	170	0.0047%
19.	CAGARA, Meliton	160	0.0044%
	REYES, Dedicacion A.	160	0.0044%
20.	GARCIA, Priscilla G.	150	0.0042%
	GABRIEL, Vicente S.	150	0.0042%
	Others (395,636 Stockholders)	3,604,462	99.7689%
	TOTAL	3,612,812	100.0000%

3. Dividend History

PVB did not declare cash or stock dividends between 1 January 2019 and 31 December 2019.

As of the date of submission, there are no restrictions that limit the Bank's ability to pay dividends on common shares or that are likely to do so in the future. Any dividend declaration to be made by the Bank is subject to its By-Laws and to the approval by the BSP.

4. Unregistered Securities

(a) **Date of sale and the Title and Amount of Securities Sold**

(b) **Names of the Underwriters or Identify of Persons to whom the Securities were Sold**

No underwriters; Persons to whom the Securities were sold, viz:

LIST OF STOCKHOLDERS WHO AVAILED OF THE 2022 STOCK RIGHTS OFFERING (SRO)

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
RODRIGUEZ, MARIA CIELO A	4631	3/30/2022	70	7,000.00
APILADO, TERESITA A	350980	4/12/2022	10	1,000.00
ABUL, JOHN C	35891	7/31/2019	64	6,400.00
ACEBUCHE, REBECCA S	113251	4/18/2022	100	10,000.00

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
ADEVOSO, JESUS TERRY	113532	6/3/2019	434	43,400.00
GARCIA, JULIET A	4984	4/4/2022	64	6,400.00
RAYMUNDO, JULITA A	225801	3/22/2022	5	500.00
ALINEA JR., ARCHIMEDES F	784	7/15/2019	64	6,400.00
ILIGAN, MARIA DOLORES A	80349	4/18/2022	25	2,500.00
AMBROS, MOISES L	263190	3/17/2022	5	500.00
PASCUAL, RICARDO A	60516	6/24/2019	64	6,400.00
ANABEZA, TEOFILO V	423243	4/18/2022	80	8,000.00
ANDRES, CRESTITA A	97490	3/16/2022	6	600.00
ANGALA, REYNALDO G	211665	3/15/2022	564	56,400.00
BEJAR, LOURDES A	38457	4/11/2022	10	1,000.00
ANONAS, GERARDO MANUEL LUIS B	337368	5/24/2019	124	12,400.00
JOSOL, REMEDIOS A	42343	4/18/2022	50	5,000.00
APOSAGA, CARLOS B	322273	7/15/2019	64	6,400.00
APOSTOL, IRENEO	239884	11/21/2022	5	500.00
AQUINO, VICTOR C	60532	4/18/2022	10	1,000.00
PARAS, TEOFILA A	301207	3/16/2022	50	5,000.00
CONTRERAS, ALMA A	91705	06/24/2019/-4/12/2022	128	12,800.00
AQUINO, DAVID ROBERT C	45567	03/07/2022-03/28/2022	500	50,000.00
ARGAO, VICTORINO C	1183	4/30/2019	64	6,400.00
ASUNCION, IRENE A	293264	7/23/2019	64	6,400.00
ATENCIO, PAZ S	211811	4/13/2022	33	3,300.00
ATIENZA, MAXIMO G	38730	3/31/2022	64	6,400.00
AVINADO, EDGAR	340457	7/30/2019	128	12,800.00
BALAGTAS, PACITA R	183790	8/18/2019	64	6,400.00
BALGOS, ANTONIO A	73373	4/24/2019	124	12,400.00
BALOT, ZENAIDA M	38908	3/24/2022	50	5,000.00
MIRANDA, TERESITA B	293322	5/3/2019	64	6,400.00
BATAC, MARIA S	56442	3/10/2022	64	6,400.00
BERMUDES, REMEDIOS C	133088	6/20/2019	2	200.00
BERNAL, ROLANDO G	170831	7/1/2019	64	6,400.00
DE OCAMPO, AZUCENA B	218623	4/18/2022	1	100.00
SANDI, MELVA B	340692	7/31/2019	64	6,400.00
BOLIVIA, RICARDO S	337696	4/12/2022	20	2,000.00
BORROMEO, LEONESA M	340716	4/18/2022	10	1,000.00
BRAVO, VIC C	82057	07/30/2019-04/06/2022	114	11,400.00
BRIGOLI, FE R	218677	3/22/2022	67	6,700.00
BRINGAS, ALDA B	425968	4/18/2022	64	6,400.00
BUERANO, NATALIA T	15632	4/7/2022	64	6,400.00
BUNGAY, ESTHER U	290107	3/30/2022	7	700.00
BURCAG, MARINA P	306088	3/31/2022	1	100.00
ROA, ANTONIA EDNA B	82240	3/14/2022	500	50,000.00
LOPEZ, AGUEDA C	306187	3/31/2022	2	200.00
CABIDES, JOEL JOSEPH A	184183	7/30/2019	556	55,600.00
TOLEDO, LILIA C	27061	7/23/2019	248	24,800.00

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
CABOGNASON, FLORENCIA R	212364	4/6/2022	30	3,000.00
CADIZ, PAZ R	279689	4/18/2022	5	500.00
TULIN, JOCELYN C	258496	7/31/2019	64	6,400.00
CALAYAG, MELANIO C	58407	6/17/2019	64	6,400.00
ANTONIO, MARCELINA C	12351	6/25/2019	60	6,000.00
ORTIZ, ELVIE C	27166	5/31/2022	1	100.00
BAYOS, REGINA C	212435	3/24/2022	128	12,800.00
CAMAGAY JR., ALEJANDRO T	89814	8/29/2019	64	6,400.00
CANCILLER, GIL V	246388	4/8/2022	50	5,000.00
DE GUZMAN, MARIA OPHELIA C	46059	7/31/2019	32	3,200.00
TIBOR, ESTRELLA C	5590	3/9/2022	5	500.00
CAPISTRANO, LUISA C	455058	05/03/2019-04/01/2022	188	18,800.00
CAROLINO, ROSALINA S	67176	4/22/2019	64	6,400.00
MARASIGAN, LUZVIMINDA C	165259	4/8/2022	200	20,000.00
CASTILLO, REMEDIOS M	240577	4/4/2022	1	100.00
CAYACHEN, SEBASTIAN A	279777	4/30/2019	70	7,000.00
CHAVEZ JR., JUAN Q	77138	6/21/2019	64	6,400.00
CLARAVALL, RENATO A	432363	05/022019-04/18/2022	2,172	217,200.00
CONSTANTINO, AMOR B	102399	3/28/2022	50	5,000.00
COSTO, MARIO A	62103	7/23/2019	64	6,400.00
CRISOSTOMO, CLEOPATRA	83218	3/18/2022	1	100.00
DELA CRUZ, ROSARIO E	323542	7/23/2019	64	6,400.00
CRUZ JR., PONCIANO V	102454	6/27/2019	64	6,400.00
CRUZ, SIMEON A	53085	4/26/2019	64	6,400.00
DAEL, JOSEFINA O	199885	3/23/2022	10	1,000.00
DAET, FRANCISCO L	95469	3/30/2022	500	50,000.00
QUIJENCIO, INANAMA D	67775	7/14/2019	64	6,400.00
TOPACIO, EDITHA C	229425	3/11/2022	150	15,000.00
DE CASTRO, ISAGANI M	287502	4/18/2022	1	100.00
SOBREPENA, LALAINE L	159650	7/18/2019	64	6,400.00
DE OCAMPO, ROBERTO F	109395	04/23/2019-05/25/2022	10,162	1,016,200.00
DEDUQUE, PAULINA U	330067	5/3/2019	64	6,400.00
DEE, POTENCIANO	253075	3/8/2022	10	1,000.00
DELA CRUZ, ROSANNA B	168292	4/11/2022	10	1,000.00
DANO, REYLINDA SAMLEY D	432387	4/8/2022	10	1,000.00
QUIATCHON, OFELIA E	109377	3/16/2022	128	12,800.00
DELUVIAR JR., LUTGARD D	24519	4/18/2022	1	100.00
DEMETRIOU, JOSEPH B	200123	7/11/2019	64	6,400.00
DOROMAL, AURORA	99815	4/7/2022	5	500.00
DURENDES, RODOLFO L	53421	7/1/2019	64	6,400.00
ELCAMEL, VENUSTO C	102694	6/29/2022	1	100.00
ELEDIA, PABLITO C	93750	4/18/2022	70	7,000.00
ESCOLANO, RICARDO O	106195	4/23/2019	64	6,400.00
ESCONDE, CECILIA S	168672	4/6/2022	64	6,400.00
ESCUETA, OLIVIA I	109582	7/31/2019	64	6,400.00

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
ESLAO JR., FRANCISCO P	56985	7/31/2019	64	6,400.00
ESLAO, SOCORRO M	24702	3/23/2022	200	20,000.00
ESPINA, FLORO S	295953	4/1/2022	60	6,000.00
HILARIO, CONCHITA E	165556	4/13/2022	33	3,300.00
ESPIRITU, CARLOS G	280275	3/23/2022	20	2,000.00
ESPLANA, WILLIAM B	278977	03/17/2022-04/18/2022	400	40,000.00
FERNANDO, JESUS C	200364	7/31/2019	64	6,400.00
FISCA, HELENA A	36948	7/31/2019	64	6,400.00
FLOREN, EDWIN S	176385	7/11/2019	64	6,400.00
FRANCISCO, EDWIN G	48595	4/11/2022	500	50,000.00
FRISNEDI, FERNANDO O	120553	7/23/2019	64	6,400.00
FUENTES, NERI F	24927	4/11/2022	5	500.00
GACULA, SERVILLANO C	60883	6/29/2022	2	200.00
BERMIO, ESTRELLA G	85399	4/22/2029	60	6,000.00
GALANIDO, EVELYN T	186561	3/29/2022	10	1,000.00
GAMBA, VIOLETA	48804	4/22/2022	2	200.00
ABUBO, MARYLOU G	310301	4/24/2019	124	12,400.00
GARROVILLAS, HERBIE C	49079	4/7/2022	150	15,000.00
GEMPES JR., GREGORIO E	49184	6/21/2019	64	6,400.00
GENEBLAZO, MARIA P	49199	4/11/2022	3	300.00
GILLERA, SOCORRO A	148877	07/18/2019-07/19/2019	100	10,000.00
GONZAGA, AGUSTINUS V	37086	7/30/2019	64	6,400.00
GONZAGA, POTENCIANA	104928	3/11/2022	5	500.00
GONZALES, VICTORIA	294363	3/11/2022	3	300.00
GONZALO, CRISPIN G	237404	4/4/2022	52	5,200.00
AGUIMBAG, SOLEDAD G	53844	3/7/2022	64	6,400.00
GUANTES, CEZAR V	2361	4/18/2022	5	500.00
GUERRERO, LOURDES A	49614	7/30/2019	64	6,400.00
GUILING, ALEJANDRO P	49691	08/19/2019-08/08/2019	109	10,900.00
ALBAJERA, EDNA H	35201	3/31/2022	64	6,400.00
BATAC, MARIA SUSAN H	104946	7/2/2019	64	6,400.00
DE CASTRO, HILDA H	321051	4/18/2022	1	100.00
SANTIAGO, MERCEDES I	408088	3/28/2022	300	30,000.00
INCISO, RODOLFO	261965	7/3/2019	64	6,400.00
INES, PETRA I	285056	6/24/2019	64	6,400.00
IYULORES, JOSE BUSTE B	50269	4/11/2022	100	10,000.00
JABONERO, LUIS	222404	5/3/2019	64	6,400.00
HALAMAG, LYDIA J	342259	5/31/2022	3	300.00
JAVIER, DELIA O	103078	3/8/2022	5	500.00
GARINGO, HELEN J	106512	3/22/2022	1	100.00
JOVEN, JOSEFINA	50547	7/29/2019	128	12,800.00
GUINGUINO, PRESCILLA C	213979	3/23/2022	5	500.00
APUAN, ANNIE L	266318	4/18/2022	36	3,600.00
SAMSON, VICTORIA FE L	121196	4/18/2022	2	200.00
LAYOC JR., NUMERIANO R	2705	3/30/2022	5	500.00

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
LEVISTE, ISABELO B	296621	7/25/2019	64	6,400.00
BACHINI, VIRGINIA L	50718	4/30/2019	5	500.00
LIZADA, LEONORA L	180832	6/25/2019	35	3,500.00
LU, ANTONIETTA R	50760	04/25/2019-04/12/2022	70	7,000.00
MARIN, SARAH M	180938	7/11/2019	64	6,400.00
DELA CRUZ, NIEVA M	103362	7/23/2019	64	6,400.00
LADEZA, ROSARIO M	143403	6/29/2022	3	300.00
GATMAITAN, JOSEPHINE M	321131	4/18/2022	20	2,000.00
MANALO, FEDERICO A	166151	05/30/2019-04/18/2022	1,248	124,800.00
MANALO, NORMA S	371549	3/29/2022	124	12,400.00
MARTINEZ, ESTER P	249943	3/29/2022	10	1,000.00
FALLORIN, AIDA M	117428	4/28/2022	400	40,000.00
MATERNAL, ROSARIO C	50889	4/18/2022	10	1,000.00
MAULLON, DOMINGA L	244415	4/18/2022	100	10,000.00
PILAR, ROSITA M	321140	6/29/2022	2	200.00
MELGAR JR., MANUEL T	358089	06/26/2019-03/10/2022	100	10,000.00
MENDOZA, DELFIN D	103499	6/14/2019	64	6,400.00
MENDOZA, PERLA B	7311	6/20/2019	64	6,400.00
MERCADO, FLORENTINO G	35399	7/23/2019	64	6,400.00
MERENCILLO, CORAZON S	359112	4/18/2022	2	200.00
BUCA, INEZ M	242053	4/22/2019	120	12,000.00
MIRAL, EDILBERTO F	353186	6/29/2022	1	100.00
ARCA, FRANCISCA M	13854	3/7/2022	10	1,000.00
NAJARILA, LORNA M	343172	3/25/2022	5	500.00
MONTESINES, CHARITA L	70848	4/12/2022	20	2,000.00
MONTOYA, VICENTINA N	437872	4/22/2019	64	6,400.00
VIERNES, MINDA M	96667	7/16/2019	64	6,400.00
MORDENO, ROSARIO A	51118	4/18/2022	100	10,000.00
MORDENO, MARIZEL D	51119	4/18/2022	10	1,000.00
NERIA, ALFREDO Y	7632	7/16/2019	64	6,400.00
NITUDA, GREGORIA B	242131	8/1/2019	64	6,400.00
NOCULAN, MARCIANA C	343403	3/31/2022	5	500.00
NUNEZ JR., JOSE A	96745	4/18/2022	100	10,000.00
OCAMPO, DOLORES L	19780	3/7/2022	15	1,500.00
OGOC, ERWIN A	210206	4/18/2022	60	6,000.00
OLANO, JORGE P	14059	4/7/2022	15	1,500.00
ANTIPUESTO, GEMMA O	238287	4/18/2022	50	5,000.00
ANTIPUESTO, GEMMA O	238287	11/10/2022	26	2,600.00
ORTALIZ, LETY L	106837	7/30/2019	64	6,400.00
PACIOLES, CRISANTA G	353718	5/31/2022	10	1,000.00
MACABALLUG, NELIA P	62567	7/8/2019	64	6,400.00
PANCIL, VERGILIO B	217808	3/24/2022	10	1,000.00
PANGISBAN, JULIAN	334673	11/21/2022	1	100.00
PARAYNO JR., GUILLERMO L	105174	5/2/2019	124	12,400.00
PARONI, VIRGINIA C	426333	6/28/2019	64	6,400.00

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
PARUNGAO JR., BALBINO	41208	3/28/2022	136	13,600.00
PASTORAL, ISAGANI M	361051	7/18/2019	64	6,400.00
PASTORAL, ISAGANI M	217839	7/18/2019	64	6,400.00
PENDATUN, ZENaida T	301707	3/14/2022	10	1,000.00
DELLORO, VIOLETA G	210449	4/11/2022	3	300.00
TARE, CONCEsa P	202002	3/30/2022	20	2,000.00
JULIAN, LILIA P	390112	07/10/2019-04/18/2022	128	12,800.00
PISO, MIGUEL V	228338	07/03/2019-04/01/1022	128	12,800.00
PLANTILLA, APRONIANA R	100145	7/29/2019	64	6,400.00
PLANTILLA, ANABELLE E	21297	4/11/2022	10	1,000.00
EROY, HELEN Q	99014	3/16/2022	21	2,100.00
QUEVEDO, MILAGROS N	217907	3/8/2022	1,000	100,000.00
RACHO, PERCIANITA G	296892	4/18/2022	1,000	100,000.00
RAFAEL, ANDREA	217929	4/8/2022	20	2,000.00
BINONGA, MARCELINE T	223684	3/21/2022	2	200.00
UY, ARLENE R	147056	7/26/2019	64	6,400.00
RAMOS, LUCIA	76686	4/8/2022	30	3,000.00
REDONDA, CAROLINA	260372	4/12/2022	2	200.00
RIGONZAL, JULIO	8553	3/8/2022	150	15,000.00
REGUALOS, EDILBERTO E	25882	4/12/2022	25	2,500.00
CUARESMA, CRISTITUTA R	44364	4/19/2019	64	6,400.00
REYES, CRESENCIO C	444836	3/15/2022	20	2,000.00
AUSTRIACO, LILIA R	71891	7/23/2019	64	6,400.00
SERRANO, SOFIA R	339383	4/7/2022	30	3,000.00
RODIL, AURORA Q	206488	7/24/2019	64	6,400.00
RODRIGUEZ JR., CATALINO B	51562	3/21/2022	100	10,000.00
TABLATE, CAROLINA R	260457	5/31/2022	1	100.00
ROMERO, ROBERT THEODORE S	181349	6/28/2022	100	10,000.00
ROSENDO, FAUSTINO A	316835	3/25/2022	5	500.00
MARQUEZ, VIVIAN R	344327	7/12/2019	64	6,400.00
RUBIO, CESAR A	166688	5/3/2019	1,076	107,600.00
LOBERIANO, FELICIDAD S	282536	3/8/2022	10	1,000.00
SALAZAR, ROBERTO	131136	5/3/2019	25	2,500.00
SALAZAR, PEDRO M	72077	6/25/2019	64	6,400.00
SALIW-A, ERNESTO D	317229	3/30/2022	20	2,000.00
SAN DIEGO, DOLORES T	291487	5/31/2022	1	100.00
CALDERON, ISABELITA SJ	328419	4/18/2022	20	2,000.00
SANCHO, LILIA T	66156	8/23/2019	64	6,400.00
SANTIAGO, ISABEL I	163386	4/30/2019	64	6,400.00
SANTOS, ANTONIO F	155369	3/9/2022	5	500.00
SAQUIN, CELEDONIA S	105283	4/25/2019	124	12,400.00
SARTAGUDA, MILVAR	301891	4/12/2022	200	20,000.00
SEVILLA, JOSEPH G	225632	3/31/2022	1,000	100,000.00
LAXAMANA, FLORENCIA S	346850	3/23/2022	10	1,000.00
SILVA, PASCUAL	267561	4/5/2022	5	500.00

Name	Reference #	Date of Transaction	TOTAL Unissued shares	
			# of shares	Amount
SIMON SR., ROMEO F	51948	7/30/2019	64	6,400.00
SOGOCIO, DOMINGA I	51982	3/14/2022	20	2,000.00
SOL, MIGUEL C	22307	5/3/2019	64	6,400.00
MORENO, TRINIDAD T	52084	6/29/2022	10	1,000.00
MAGO, LIWAYWAY T	66230	3/22/2022	50	5,000.00
CAYME, ROSA T	8943	4/7/2022	26	2,600.00
PUNZALAN, MA. CONCEPCION T	26063	7/11/2019	64	6,400.00
SICAM, MA. HELEN T	34514	4/4/2022	40	4,000.00
TENORIA JR., SEGUNDO L	354862	3/31/2022	2	200.00
ABERION, VERONICA T	72536	7/23/2019	64	6,400.00
TOLENTINO, ALUINO P	143909	7/31/2019	120	12,000.00
TOLENTINO JR., QUINTIN A	22728	4/6/2022	336	33,600.00
TULINGAN, SALACNIB I	244991	3/18/2022	200	20,000.00
MENDOZA, PERLITA U	364637	6/28/2019	64	6,400.00
AGUINALDO, MARILOU U	412409	4/18/2022	10	1,000.00
VALBERDE, ESTER P	319266	4/4/2022	20	2,000.00
VALMORES, JOSE D	202681	4/30/2019	64	6,400.00
VARGAS, FRANCISCO B	4216	7/31/2019	64	6,400.00
VELASCO, CARMENCITA M	32538	7/29/2019	64	6,400.00
ENQUIG, DIONESIA V	179732	3/23/2022	13	1,300.00
VILLORENTE, DEANNA L	57636	3/17/2022	10	1,000.00
WAKIT, GARCIA	23380	4/18/2022	5	500.00
WENCESLAO JR., DELFIN J	91637	7/3/2019	64	6,400.00
YAP, PABLITO H	181723	3/7/2022	124	12,400.00
TALEON, YOLANDA D	134402	4/18/2022	2	200.00
FLORES, DOMINGO V	176399	4/18/2022	50	5,000.00
GRAND TOTAL			34,861	3,486,100.00

- (a) **If sold for cash:** All sold for cash; Offering Price is at par and no Underwriting Discounts or Commissions.

Sold otherwise for cash: not applicable

- (b) **Exemption from Registration Claimed** – Section 10(e) of the Securities Regulation Code (R.A. No. 8799); sale of capital stock to its own stockholders exclusively and no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.

5. Free Float Level

Not Applicable.

DISCUSSION OF COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Corporate Governance

The Bank has adopted a Manual of Corporate Governance, which is being continually revised to align with the world’s best and leading practices on corporate governance and comply with latest regulatory issuances.

Conformably with existing rules and regulations, the Bank’s Articles of Incorporation and By-Laws, and Manual of Corporate Governance, the Board organized six (6) committees to assist it in governance matters consisting of the following: (1) Executive Committee; (2) The Corporate Governance & Compliance Oversight Committee (3) Related Party Transaction Committee; (4) Audit Committee; (5) Risk Management Oversight Committee; and (6) Trust Committee.

- The Executive Committee (“ExCom”) is headed by Roberto F. De Ocampo as Chairman, with six members of the Board appointed with a tenure of one (1) year. It is authorized to act on behalf of the full Board on urgent matters that arise between its regular meetings. It may review and coordinate information from other committees as well as oversee Bank operations. Its functions also include the review and approval of credit facilities in excess of the approval authority of the Credit Committee, the review of DOSRI transactions for final approval by the Board and the review and approval of the Bank’s budget and business plans. Moreover, it obtains from the Bank’s management a timely assessment of the potential effect of any instability or crisis in the economic and political environment.
- The Corporate Governance & Compliance Oversight Committee (“CGCOC”) is headed by Independent Director Jose A. Nuñez, Jr. as Chairman, with Percianita G. Racho, Cesar A. Rubio and Reynaldo V. Velasco as Members. The CGCOC, pursuant to BSP Circular No. 456 (Series of 2004), is responsible for ascertaining that the Board seats, including those of Independent Directors, as well as other positions that necessitate Board appointment, are filled by individuals who meet the required qualifications as set forth in the by-laws of the Bank. It oversees the periodic performance evaluation of the Board, its Committees. It also conducts an annual self-evaluation of its performance. In its assessment of a director’s performance, it considers competence, candor, attendance, preparedness, and participation. It monitors not only the Board’s performance, effectiveness, and observance of corporate governance principles, but also those of the other committees and the Executive Management of the Bank. Further, it adopts guidelines for directors serving on multiple boards and makes recommendations to the Board on the continuing education of directors, their assignment to Board committees, succession, and remuneration. It also approves the hiring and promotion of the Bank’s Group Heads. Likewise, it is also involved in Human Resources matters such as the review and revision of the Performance Management System, Benefits Policy, Salary Structure, Merit Increase, and Performance Bonus distribution.
- The Related Party Transactions Committee (“RPT Com”) is headed by Independent Director Reynaldo V. Velasco as Chairman, with Cesar Rubio, Jose A. Nuñez, Jr. and Percianita G. Racho as Members. The RPTCom is tasked to: (a) evaluate relationships to ensure related parties are identified and captured; (b) evaluate material related party transactions (RPTs); (c) ensure appropriate disclosures/information provided to regulators; (d) report to the Board status and aggregate exposures to related parties; (e) ensure RPTs are subject to periodic independent review or audit; and (f) oversee implementation of the RPT system.
- The Audit Committee (“AC”) is headed by Independent Director Cesar A. Rubio as Chairman, with Jose A. Nuñez, Jr., Percianita G. Racho and Ma. Cecilia G. Soriano, as Members. The members of the Audit Committee must possess accounting, auditing, or related financial management expertise and experience. Tasked primarily with assisting the Board in fulfilling its oversight responsibilities, the Audit Committee reviews the Bank’s financial information, its systems of internal controls and risk management, the audit process, and compliance with significant applicable legal, ethical, and regulatory requirements. It monitors the Bank’s compliance with approved internal policies and controls, as well as statutory regulations, emphasizing an accounting system that is 100% compliant with Philippine International Accounting Standards. The Committee facilitates free and open communication among Management, Compliance Officer, Risk Manager, Internal Audit, the external auditors, BSP examiners, and the Committee members. It enjoys sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of audit reports, and appropriate action on audit recommendations. It is also empowered,

among others, to appoint, compensate and oversee external audit engagements; review and comment on internal and external audit reports; and resolve financial reporting disputes between management and the auditor.

- The Risk Management Oversight Committee (“RMOC”) is headed by Independent Director Ma. Cecilia G. Soriano as Chairman, with Jose A. Nuñez, Jr., Francisco S. Cesar A. Rubio, Magsajo, Jr., and Gerardo Manuel Luis B. Anonas as Members. The Risk Management Committee is responsible for the development and oversight of the Bank’s Risk Management Program and Compliance Program. Likewise, it oversees the system of limits to discretionary authority that the Board delegates to management. It is tasked to ensure that the system remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are breached. To achieve this, the Committee takes on the critical role of identifying and evaluating the Bank’s risk exposures, ensuring that the appropriate risk management strategies and plans are in place and ready to be executed as necessary, and evaluating the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. Hand in hand with the Enterprise Wide Risk Management Unit which functions under the auspices of the Committee, it performs oversight functions in managing credit, market, liquidity, and operational risks. It also ensures that all reports are in compliance with BSP Manual and Regulations.
- The Trust Committee (“TrustCom”) is headed by Independent Trust Professional Regina Paz Goco-Morales as Chairman, with another Independent Trust Professional Karen Liza M. Roa, Directors Francisco S. Magsajo, Jr., Reynaldo V. Velasco, and PVB President & Acting CEO Renato A. Claravall and Roberto S. Vergara as Trust Officer, Head, as members. It reviews and approves the quality and movement of the Bank’s trust assets, including the opening and closing of trust and other fiduciary accounts, the investment, reinvestment, and disposal of funds and the acceptable fixed income & equity investments, including the investment outlets. It reports to the Board any changes in regulations, market conditions & other factors that may affect the trust business.

The President is further assisted by various management committees - such as the Operations Committee, Asset & Liability Committee, and other ad hoc committees which he may create from time to time.

The Directors have full access to all relevant information about the Bank in the discharge of their duties and responsibilities. The Bank also ensures that the right of the stockholders to information is respected and is committed to make this right meaningful by readily providing shareholders all the material information they needed about the Bank.

The Bank uses the Corporate Governance Self-Rating Form as prescribed by SEC in evaluating the level of compliance of the Board of Directors and Top-Level Management to its Manual of Corporate Governance. It also conducts an annual self-assessment for individual directors, which includes an evaluation of the performance of the Board Committees.

The Bank is generally in compliance with adopted leading practices on good corporate governance. Presently, it is working on the formulation of (1) an overarching RPT policy and group-wide RPT policy in accordance with BSP Circular No. 895; and (2) an information drive cum training program to cascade the contents and procedures embodied in newly adopted Corporate Governance Policies and Procedures to ensure awareness among all stakeholders.

The Bank has no knowledge of any instance of non-compliance with its Manual of Corporate Governance by the Board of Directors or its members, or by the Bank’s officers or employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**(a) Management's Discussion and Analysis and Results of Operations**

Philippine Veterans Bank and Subsidiaries' posted total resources of ₱66.098 Billion as at March 31, 2022, 7.94% higher than the ₱61.238 Billion as at December 31, 2022 while total deposit liabilities increased by 6.32% to ₱59.747 Billion as at March 31, 2022 from ₱56.195 Billion as at December 31, 2022.

Net non-performing loans (NPL) ratio of the Bank (Parent Company) in March 31, 2023 is at 11.67% while in December 31, 2022 is at 11.45%. The Bank's Capital adequacy Ratio (CAR) of 2.13% for Basel III as at March 31, 2022 lower than the 2022 year-end CAR of 3.64%. This is after considering the staggered booking of allowance for credit losses for five (5) years starting 2020, as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic.

Balance Sheet (Consolidated)**December 31, 2022 compared to December 31, 2021**

Philippine Veterans Bank and Subsidiaries posted total resources of P61.24 Billion at the close of 2022, increased by 14.05% than the P53.69 Billion as at December 31, 2021. Furthermore, Total Liabilities of P58.46 Billion in 2022 showed an increase of 14.76% from P50.94 Billion as at December 31, 2021. The Group's equity increased by 0.94% to P2.78 Billion in December 31, 2022, from the P2.75 Billion reported as at December 31, 2021. This is after considering the staggered booking of allowance for credit losses for five (5) years as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic starting 2020.

Net non-performing loans (NPL) ratio of the Bank (Parent Company) as of December 31, 2022 increased to 11.45% from the 8.32% in December 2021 report. Capital adequacy ratio, is at 3.64% for 2022 (with BSP relief), lower than the minimum regulatory requirement of 10%.

December 31, 2021 compared to December 31, 2020

Philippine Veterans Bank and Subsidiaries posted total resources of P53.69 Billion at the close of 2021, increased by 13.50 % than the P52.94 Billion as at December 31, 2020. Furthermore, Total Liabilities of P50.94 Billion in 2021 showed an increase of 4.10% from P48.93 Billion as at December 31, 2020. The Group's equity decreased by 25.75% to P2.75 Billion in December 31, 2021, from the P3.71 Billion reported as at December 31, 2020. This is after considering the staggered booking of allowance for credit for five (5) years as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic.

Net non-performing loans (NPL) ratio of the Bank (Parent Company) as of December 31, 2021 increased to 8.32% from the 3.22% in December 2020 report. Capital adequacy ratio, is at 4.85% for 2021 (with BSP relief), lower than the minimum regulatory requirement of 10%.

Income Statement (Consolidated)**For the years ended December 31, 2022 and 2021**

Philippine Veterans Bank and Subsidiaries incurred a net income of P266.80 Million in 2022, as compared to net loss of P1.06 Billion in 2021.

For the years ended December 31, 2021 and 2020

Philippine Veterans Bank and Subsidiaries incurred a net loss of P1.06 Billion in 2021, as compared to net loss of P782.72 Million in 2020 primarily due to the continuous effect of pandemic that has started since the year 2020.

(b) Key Financial Indicators

The following comparative ratios reflect the performance of the Group:

Financial Ratios	December 31, 2022	December 31, 2021	December 31, 2020
Current Ratio	58.18%	64.06%	69.29%
Debt-to-Equity Ratio	21.04	18.50	13.20
Asset-to-Equity Ratio	22.04	19.5	14.20
Interest Rate Coverage Ratio	2.57	-2.76	-38.93
Profitability Ratios:			
a. Return on Average Equity (ROE)	9.68%	-32.69%	-19.1%
b. Return on Average Assets (ROA)	0.47%	-1.99%	-1.39%

The manner by which the Bank calculates the above indicators is as follows:

- Current Ratio --- Current assets divided by current liabilities
- Debt-to-equity Ratio --- Total liabilities divided by total equity
- Asset-to-equity Ratio --- Total assets divided by total equity
- Interest Rate Coverage Ratio --- Earnings before interest and taxes divided by interest expense
- Return on Average Equity --- Net Income divided by average total capital funds for the period indicated
- Return on Average Assets --- Net Income divided by the average total resources for the period indicated

Additional Management Discussion and Analysis (for variances of more than 5% December 31, 2022 vs. December 31, 2021)

Balance Sheet (for those with variances of more than 5% – March 31, 2023 vs. December 31, 2022)

Cash and Other Cash Items increased by 5.32% from ₱934.496 Million as at December 2022 to ₱984.169 Million as at March 2023.

Interbank Loans Receivable and Securities Purchased Under Resale Agreement increased by ₱697.595 Million to ₱2.372 Billion as at March 2023 from ₱1.674 Billion as at December 2022.

Financial Assets at Fair Value Through Profit or Loss increased from ₱104.907 Million as at December 31, 2022 to ₱850.624 Million as at March 31, 2023.

Financial Assets at Fair Value Through Other Comprehensive Income increased by 7.14% from ₱5.556 Billion as at December 31, 2022 to ₱5.953 Billion as at March 31, 2023.

Debt Securities at Amortized Cost increased by 25.65% from ₱11.170 Billion as at December 2022 to ₱14.035 Billion as at March 2023.

Right of Use Asset decreased by 6.44% from ₱198.109 Million as at December 2022 to ₱185.354 Million as at March 2023.

Investment Properties increased by 9.82% from ₱2.287 Billion as at December 2022 to ₱2.512 Billion as at March 2023.

Other Assets decreased by 5.77% from ₱1.892 Billion as at December 2022 to ₱1.782 Billion as at March 2023.

Deposit Liabilities as at March 31, 2023 net increased by 6.32% to ₱59.747 Billion from ₱56.195 Billion as at December 31, 2022 mainly from Demand Deposit Liabilities which increased by 7.27% or ₱2.796 Billion and increase of 13.45% or ₱558.526 Million in Time Deposit Liabilities.

Marginal Deposits and Cash Letters of Credit as at March 31, 2023 went up to ₱112.623 Million from NIL amount as at December 31, 2022.

Manager's Checks increased by 110.45% from ₱57.867 Million as at December 2022 to ₱121.783 Million as at March 31, 2023.

Accrued Taxes, Interest and Other Expenses as at March 31, 2023 decreased by 8.36% to ₱302.886 Million from ₱330.501 Million in December 2022.

Income Tax Payable of ₱18.907 as at March 31, 2023 is an increased amount by ₱3.760 Million from ₱15.146 Million as at December 2022.

Other Liabilities of ₱2.775 Billion as at March 31, 2023 increased by 71.31% from ₱1.620 Billion as at December 31, 2022.

Net Accumulated Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income of ₱143.683 as at March 31, 2022 improved by 27.82% from the ₱143.683 Million loss as at December 31, 2022.

Income Statement (for those variances of more than 5% – For the period ended March 31, 2023 vs. period ended March 30, 2022)

Total Interest Income for the first quarter of 2023 increased by 55.44% from ₱467.532 Million reported on the same period of prior year to ₱726.714 Million. This is attributed to interest income on:

1. Loans and Receivables for the three-month period ended March 2023 increased by 21.41% to ₱396.880 Million from ₱326.894 Million for the same period in 2022.
2. Investment Securities at Amortized Cost and Fair Value Through OCI ended March 2023 increased by ₱135.235 Million to ₱208.838 Million from ₱73.604 Million for the same period in 2022.
3. Deposits with Banks ended March 2023 increased by 56.89% to ₱93.937 Million from ₱59.876 Million for the same period in 2022.
4. Interbank Loans Receivable and Securities Purchased Under Resale Agreements period for the period ended March 2023 increased by ₱18.555 Million to ₱26.072 Million from ₱7.516 Million for the same period in 2022.
5. Financial Asset at Fair Value Through Profit or Loss as at March 2022 improved by 375.99% to ₱0.987 Million profit from ₱0.358 Million loss for the same period in 2022.

Total Interest Expense increased by 13.11% in 2023 compared to the first quarter of 2022 with ending balance of ₱61.454 Million from ₱54.333 Million reported in 2022. This can be justified mainly by:

1. Interest Expense on Deposit Liabilities of ₱55.610 Million for the first three months of 2023 increased by ₱8.162 Million from ₱47.447 Million reported for the first quarter of 2022.

Total Net Interest Income as at March 2023 of ₱665.259 Million has increased by 61.00 % from ₱413.199 Million as at March 2022.

Gains on Sale of Assets decreased by 87.57% to ₱3.866 Million for the period ended March 2023 compared to the ₱31.110 Million for YTD March 2022.

Service Fees and Commissions increased by 14.10% to ₱37.195 Million as at March 2023 compared to the ₱32.600 Million at March 2022.

Gains on Asset Foreclosures and Dacion Transactions decreased by ₱22.534 Million to ₱34.675 Million as at March 2023 compared to the ₱57.208 Million at March 2022.

Income from Trust Operations at March 2023 of ₱3.507 Million has increased by 18.06% from ₱2.970 Million as at March 2022.

March 2023 showed a Trading Gain of ₱31.207 Million, which is higher than reported gain in March 2022 of ₱10.691 Million or an increase of ₱20.516 Million.

Foreign Exchange Losses of ₱0.955 Million as at March 2023 is previously a gain of 0.956 Million from the same period in 2022.

Other Operating Income for the three-month period ended March 2023 increased by ₱1.773 Million to ₱16.172 Million from ₱14.400 Million during the same period in the previous year.

Compensation and Fringe Benefits increased by 8.95% from ₱205.328 Million as at March 2022 to ₱223.710 Million as at March 2023.

Depreciation and Amortization decreased by 20.99% from ₱101.080 Million as at March 2022 to ₱79.865 Million as at March 2023.

Taxes and Licenses increased by 25.02% from ₱40.940 Million as at March 2022 to ₱51.185 Million as at March 2023.

Insurance Expense as at March 2023 of ₱35.419 Million has decreased by 15.30% from ₱41.815 Million as at March 2022.

Communications of ₱9.595 Million in March 2023 decreased from ₱12.888 Million or by ₱3.293 Million from the same period in 2022.

Transportation and Travel as at March 2023 of ₱13.863 Million has increased by 32.24% from ₱10.483 Million as at March 2022.

Litigation and expenses on acquired assets in the amount of ₱19.250 million as at March 2023 increased by ₱9.422 Million from ₱9.828 Million of the same period in 2022.

Professional Fees for the three-month period ended March 2023 increased by ₱13.794 Million to ₱20.117 Million from ₱6.323 Million during the same period in the previous year.

Fees and Commission for the three-month ended March 2023 increased by 93.98% to ₱4.967 Million from ₱2.560 Million during the same period in 2022.

Bangko Sentral ng Pilipinas Supervision Fees decreased by 7.28% from ₱3.624 Million in March 2022 to ₱3.361 Million as at March 2023.

Membership Fees and Dues decreased by 25.83% from ₱3.334 Million as at March 2022 to ₱2.473 Million as at March 2023.

Office Supplies as at March 2023 of ₱3.694 Million has decreased by 8.40% from ₱4.033 Million as at March 2022.

Freight Expenses as at March 2023 amounting to ₱1.232 Million decreased by 17.71% compared to the ₱1.498 Million in March 2022.

Entertainment, Amusement and Representation Expense of ₱1.691 Million has increased by 35.94% from ₱1.244 Million as at March 2022.

Fines and Penalties in March 2022 amounting to ₱5.303 Thousand has increased by ₱2.432 Million or to ₱2.438 Million as at March 2023.

Income Before Income Tax from ₱158.082 Loss in 2022 improved by 125.44% or to Income of ₱40.221 Million as at March 2023.

Provision for Income Tax in the amount of ₱47.175 Million as at March 31, 2022 increased by 53.80% or ₱25.378 Million or to ₱72.553 Million as at March 31, 2023.

On the overall, Net Loss from ₱205.256 Million in 2022 decreased to a loss of ₱32.332 Million as at March 2023 or improvement of 84.25%.

(c) Past Financial Conditions and Results of Operations

During the last five (5) years, the Group has continued to build its financial strength following a strategy of prudent balance sheet management. The resources reached P61.24 billion in 2022, which is 23.70% higher than the P49.51 billion in 2018. Loans and Receivables which is the core business of the Bank increased from P19.83 Billion in 2021 to P23.18 Billion in 2022. Ratio of Loans and Receivables to Total Assets is at 37.85% and 36.92% for 2022 and 2021 respectively.

The Group also reported a net income of P110.89 Million in 2022 as compared to net loss of P1.06 Billion in 2021. The Parent Company Capital Adequacy Ratio for 2021 is 4.85% (with BSP relief). This is primarily due to the impact of the COVID-19 pandemic on the core income of the Bank.

(d) Future Prospects

Through the years, PVB is positioned to become a major player in local government finance, as well as favored provider of mortgages, small enterprise loans, remittance, personal loans and other innovative and unique banking products and services. It hopes to become the preferred choice of community-based enterprises and rural financial institutions, and aims to expand its clientele to the middle market and retail sectors. The Bank is focusing on institutional and corporate lending to build a steady revenue stream and continue to pursue a long-term strategy that focuses on serving more customers, booking more businesses and expanding the Bank's balance sheet. With the approval of the Bank's new charter in R.A. 11597, the Bank started its capital raising efforts with the Stock Rights Offer to existing shareholders which ended last April 18, 2022. This will be followed by the offering of remaining unsubscribed common shares first to post-World War II veterans and AFP retirees, and later to other investors, among others.

Material Changes

(i) Events that will trigger direct or contingent financial obligation that is material to the company including any default or acceleration of an obligation

- There are no known events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.

(ii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created as of the reporting date.

(iii) Any Material Commitments for Capital Expenditure and Expected Funds

- None

(iv) Any known trends, events, or uncertainties (material impact on sales)

Bank's capital and Capital Adequacy Ratio (CAR) that are below minimum requirement by the regulator brought some uncertainties/doubts on the Bank's ability to continue as a going concern. Notwithstanding these uncertainties, however, PVB's assessment of the Group's ability to continue as a going concern remains optimistic. This assessment has been anchored on the following considerations:

Notwithstanding some uncertainties/doubts on the Bank's ability to continue as a going concern, due, primarily, to its failure to comply with the prescribed minimum capital and Capital Adequacy Ratio (CAR) by the regulator, PVB's assessment of the Group's ability to continue as a going concern remains optimistic. This assessment has been anchored on the following considerations:

- (a) On December 10, 2021, RA No. 11597, An Act Providing for the Revised Charter of the Philippine Veterans Bank, Repealing for the Purpose Republic Act No. 3518, as Amended, was signed into law and became effective on January 21, 2022. RA No. 3518, An Act Creating the Philippine Veterans' Bank and for other Purposes, confined ownership of the Parent Company's shares to World War II veterans or their heirs, which significantly impacted the Parent Company's ability to successfully raise additional capital. RA No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all times retain majority of the shares. With the enactment of RA No. 11597, the Parent Company has initiated capital raising activities, which include: (i) obtaining commitment from a major investor as evidenced by a subscription agreement, (ii) identifying veteran-related investor group, (iii) targeting military personnel by continuing the conduct of series of roadshows, (iv) converting longoutstanding unclaimed cash dividends to equity, and (v) issuing preferred shares subject to regulatory approvals.
- (b) In 2022, as the economy continuously recover from the COVID-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound. For the Parent Company, the loan portfolio and deposit liabilities had a growth rate of 14.90% and 15.30, respectively. This recovery resulted in positive gains for the Parent Company, generating a net income of P267.93 million in 2022 coming from a net loss of P1.06 billion in 2021.
- (c) Management's strategic operational objectives in growing loans and deposits, achieving operational efficiency, and pursuing long-term vision of a military bank. Also, the Parent Company remains to be highly liquid, will continue to address its liquidity needs and gradually grow its lending business given its high liquidity coverage ratio of 218% and 254% and net stable funding ratio of 136% and 151% as of December 31, 2022 and 2021, respectively.
- (d) The Parent Company is a private bank granted authority to receive deposit of government funds as an official government depository under RA No. 11597.

(v) Causes for any material changes from period to period of Financial Statements

- The possible causes for any material changes are explained in item (iv) above.

(vi) Seasonal aspects that has material effect on the Financial Statements

- None

UNDERTAKING

The Bank undertakes to furnish a copy of its Annual Report (SEC Form 17-A) exclusive of attachments, free of charge, upon the written request of the stockholder addressed to the Office of the Board Secretary, 6th floor, PVB Building, No. 101 V.A. Rufino corner Dela Rosa Street., Legaspi Village, Makati City.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Philippine Veterans 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 and 2021, 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.

Punongbayan & Araullo (P&A) Grant Thornton, 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.

ROBERTO F. DE OCAMPO, OBE
Chairman of the Board

RENATO A. CLARAVALL
President & Acting Chief Executive Officer

FLORENCE T. PALACIO
Vice President / Controller

28 APR 2023

SUBSCRIBED AND SWORN to before me this _____ affiants exhibiting to me their
TIN/UMID Nos. as follows:

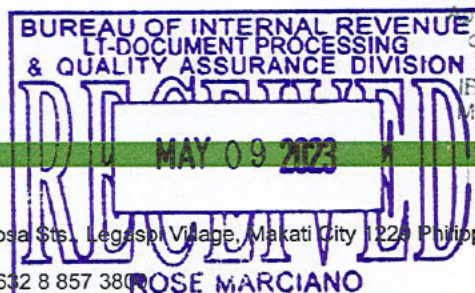
NAMES
Roberto F. De Ocampo, OBE
Renato A. Claravall
Florence T. Palacio

IDENTIFICATION NO.

DATE OF ISSUE

August 1, 2003

Doc. No. 144 ;
Page No. 39 ;
Book No. XIV ;
Series of 2023



ATTY. CATHERINE S. VILLA SACRO
Notary Public for and in Makati City until December 31, 2024
Appointment No. M-207 PVB Building, No. 101 V.A. Rufino
Corner Dela Rosa Streets, Legaspi Village, Makati City
P.T.R. No. 9565663 / 01-03-2023 / Cavite Chapter
I.P. Life Member No. 04261 Roll of Attorneys No. 4
M.C.L.E. Compliance No. VII-0023242 / August 26, 2022

**SECURITIES AND EXCHANGE COMMISSION**

SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: ARIEL FETALVO

Receipt Date and Time: May 09, 2023 02:24:30 PM

Company Information

SEC Registration No.: 0000024681

Company Name: PHIL. VETERANS BANK

Industry Classification: J65100

Company Type: Stock Corporation

Document Information

Document ID: OST10509202381120118

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2022

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 4 6 8 1

COMPANY NAME

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U	B	S	I	D	I	A	R	I	E	S																			

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

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a	k	a	t	i		C	i	t	y																				

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

corpcomm@veteransbank.com.ph

Company's Telephone Number

7902-1727

Mobile Number

No. of Stockholders

395,865

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Florence T. Palacio

Email Address

ftpalacio@veteransbank.com.ph

Telephone Number/s

7902-1744

Mobile Number

CONTACT PERSON'S ADDRESS

PVB Bldg. 101 V.A Rufino corner Dela Rosa Sts., Legaspi Village, Makati City

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.



P&A
Grant Thornton

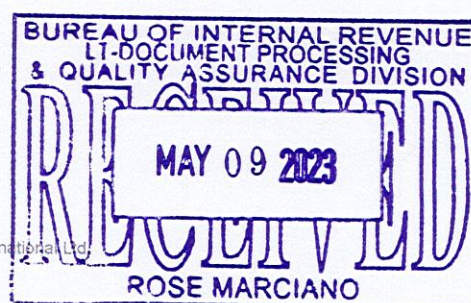
FOR SEC FILING

**Financial Statements and
Independent Auditors' Report**

Philippine Veterans Bank and Subsidiaries

December 31, 2022

(With Comparative Figures for the Years Ended December 31, 2021 and 2020)



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Philippine Veterans 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 and 2021, 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.

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ROBERTO F. DE OCAMPO, OBE
Chairman of the Board

RENATO A. CLARAVALL
President & Acting Chief Executive Officer

FLORENCE T. PALACIO
Vice President / Controller

28 APR 2023

SUBSCRIBED AND SWORN to before me this _____ affiants exhibiting to me their
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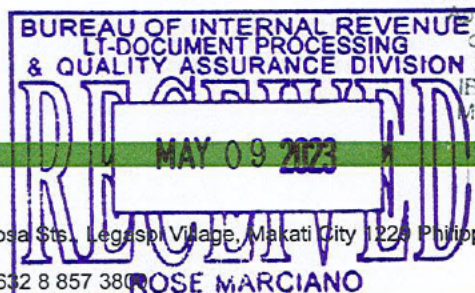
NAMES
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IDENTIFICATION NO.

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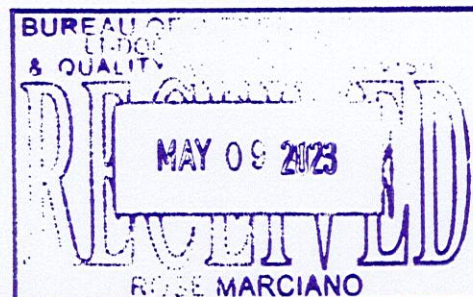
ATTY. CATHERINE S. VILLA SACRO
Notary Public for and in Makati City until December 31, 2024
Appointment No. M-207 PVB Building, No. 101 V.A. Rufino
Corner Dela Rosa Streets, Legaspi Village, Makati City
P.T.R. No. 9565663 / 01-03-2023 / Cavite Chapter
I.P. Life Member No. 04261 Roll of Attorneys No. 4
M.C.L.E. Compliance No. VII-0023242 / August 26, 2022

Report of Independent Auditors

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Philippine Veterans Bank
101 V.A. Rufino corner Dela Rosa Streets
Legaspi Village, Makati City



Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Philippine Veterans Bank and Subsidiaries (the Group) and Philippine Veterans Bank (the Parent Company), which comprise the statement of financial position as at December 31, 2022, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter discussed in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2022, and their financial performance and their cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) And approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the financial statements.

Basis for Qualified Opinion

As discussed in Note 27 to the financial statements, the required allowance for impairment and credit losses on interbank call loans (IBCL) totalling P1.67 billion previously granted to a certain thrift bank, and on accounts receivable totalling P907.26 million, representing the uninsured deposits of the same thrift bank assumed by the Parent Company, were deferred and are being amortized over 20 years as approved by the BSP in 2008. The Parent Company recognized provision for impairment and credit losses amounting to P167.49 million as a direct charge against the beginning balance of retained earnings in 2022, representing the amortization of the required allowance for the year. PFRS requires that the required allowance on the IBCL and accounts receivable be charged against the respective years when the losses were incurred. Had such impairment and credit losses been charged to the proper accounting period, the Group's and the Parent Company's deficit would have been increased and the total assets and total equity would have been decreased by P0.91 billion as at December 31, 2022 and January 1, 2022.



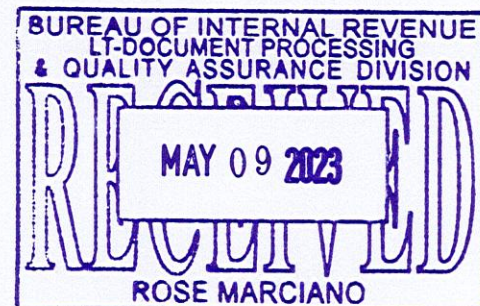
We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the 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.

Material Uncertainty Related to Going Concern

Management's assessment of the Group's ability to continue as a going concern, including the events and conditions that resulted in material uncertainty related to going concern, is disclosed in Note 3 to the financial statements. The Group prepares its financial statements on a going concern basis as management does not intend to liquidate or cease operating. In making such assessment, management takes into account the following information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period:

- (a) On December 10, 2021, Republic Act (RA) No. 11597, *An Act Providing for the Revised Charter of the Philippine Veterans Bank, Repealing for the Purpose RA No. 3518, as Amended*, was signed into law and became effective on January 21, 2022. RA No. 3518, *An Act Creating the Philippine Veterans' Bank and for other Purposes*, confined ownership of the Parent Company's shares to World War II veterans or their heirs, which significantly impacted the Parent Company's ability to successfully raise additional capital. RA No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all times retain majority of the shares. With the enactment of RA No. 11597, the Parent Company has initiated capital raising activities, which include: (i) obtaining commitment from a major investor as evidenced by a subscription agreement, (ii) identifying veteran-related investor group, (iii) targeting military personnel by continuing the conduct of series of roadshows, (iv) converting long-outstanding unclaimed cash dividends to equity, and (v) issuing preferred shares subject to regulatory approvals.
- (b) In 2020, as the economy continuously recover from the COVID-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound. For the Parent Company, the loan portfolio and deposit liabilities had a growth rate of 14.90% and 15.30%, respectively. This recovery resulted in positive gains for the Parent Company, generating a net income of P267.93 million in 2022 coming from a net loss of P1.06 billion in 2021.
- (c) Management's strategic operational objectives in growing loans and deposits, achieving operational efficiency, and pursuing long-term vision of a military bank. Also, the Parent Company remains to be highly liquid, will continue to address its liquidity needs and gradually grow its lending business given its high liquidity coverage ratio of 218% and 254% and net stable funding ratio of 136% and 151% as of December 31, 2022 and 2021, respectively.
- (d) The Parent Company is a private bank granted authority to receive deposit of government funds as an official government depository under RA No. 11597.

As a banking institution, the Parent Company's operations and activities are subject to the provisions of RA No. 8791, *The General Banking Law of 2000*, and other related banking laws, and are regulated and supervised by the BSP. As such, it is required to comply with the BSP's requirements such as minimum capitalization and capital adequacy ratio (CAR), among others, which is set at P10.00 billion and 10%, respectively, as of December 31, 2022. In previous years, the Group and the Parent Company incurred significant net losses resulting in non-compliance with such requirements.



In October 2019, the BSP approved the Parent Company's revised capital build-up plan (the 2019 CBUP), providing relief over the minimum capital requirements but subject to minimum capital commitments from 2019 to 2023 and CAR of 10%. As at December 31, 2022, the qualifying capital of the Group and the Parent Company amounted to P0.62 billion and P0.65 billion, respectively, which translated to CAR of 1.79% and 1.88%, respectively. On April 26, 2021, the BSP approved the request of the Parent Company for the staggered booking of allowance for credit losses on loans and receivables over a period of five years starting in 2020 following the regulatory relief provided for under BSP Memorandum M-2020-061, *Supervisory Expectations on the Measurement of Expected Credit Losses and the Treatment of Regulatory Relief Measures Granted Amid the COVID-19 Pandemic*. Should the staggered booking of allowance amounting to P0.63 billion as of December 31, 2022 be considered, the qualifying capital of the Group and the Parent Company would amount to P1.25 billion and P1.28 billion as of December 31, 2022, which would result in a CAR of 3.60% and 3.64%, respectively.

As of December 31, 2022, the Group's and Parent Company's qualifying capital and CAR, before and after regulatory relief provided under BSP Memorandum M-2020-061, have not met the capital commitment under the 2019 CBUP of P10.42 billion and CAR of 10%. In addition, as disclosed in Note 3 to the financial statements, certain other BSP requirements were not complied with as at December 31, 2022. These regulatory non-compliances resulted in the imposition of monetary and non-monetary sanctions by the BSP, which, if remained unaddressed, may further result to additional regulatory actions as prescribed by existing banking laws and regulations. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

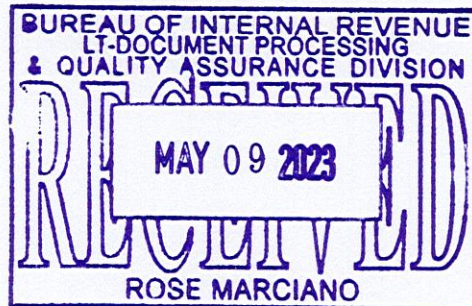
Sufficient audit procedures have been performed to validate the above action plans and management representations. Accordingly, the accompanying financial statements have been prepared assuming that the Group and the Parent Company will continue as a going concern entity, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the Group's and the Parent Company's financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the financial statements are discussed in detail in Note 2 to the financial statements. Our opinion is not modified in respect of this matter.

Other Matter

The audit of the financial statements as at and for the year ended December 31, 2021 were performed by the predecessor auditors, however, it did not express an opinion on those statements as indicated in their report dated September 23, 2022. Based on the report, the predecessor auditors were not able to obtain sufficient appropriate audit evidence to satisfy themselves whether the use of going concern assumption in preparing the 2021 financial statements is appropriate given the uncertainties of the Parent Company being able to raise capital to meet the requirements under the 2019 CBUP, the current regulatory action imposing non-monetary restrictions, among others, and the potential impact of future regulatory actions. On the other hand, the financial statements for the year ended December 31, 2020 were audited by the same predecessor auditors whose report, dated May 31, 2021, expressed a qualified opinion on those statements.



We were not engaged to audit, review, or apply any procedures to the 2021 and 2020 financial statements of the Group and the Parent Company. Accordingly, we do not express an opinion or any other form of assurance on the Group and the Parent Company's 2021 and 2020 financial statements taken as a whole. We, however, considered the relevant information and developments as enumerated in the *Material Uncertainty Related to Going Concern* paragraph in our report in evaluating management's assessment on the use of going concern basis of assumption in preparing its 2022 financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The Annual Report for the year ended December 31, 2022, are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 financial statements, our responsibility is to read the other matter 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 Financial Statements

Management is responsible for the preparation and presentation of the financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs by the BSP and approved by the SEC, as described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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 PSA, 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of the financial reporting reliefs by the BSP and approved by the SEC, as described in Note 2 to the financial statements.
- 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 financial statements. We are responsible for the direction, supervision and performance of the group 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.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the BSP and BIR as disclosed in Note 34 and 35, respectively, to the financial statements are presented for purposes of additional analysis. Such supplementary information required by BIR and BSP is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs by the BSP and approved by the SEC, as described in Note 2 to the financial statements; it is not also a required disclosure under the Revised Securities Regulation Code Rule 68 of the SEC.

PUNONGBAYAN & ARAULLO
By: Jerold M. Sanchez
Partner

CPA Reg. No. 0121830

TIN 

PTR No. 9566645, January 3, 2023, Makati City

SEC Group A Accreditation

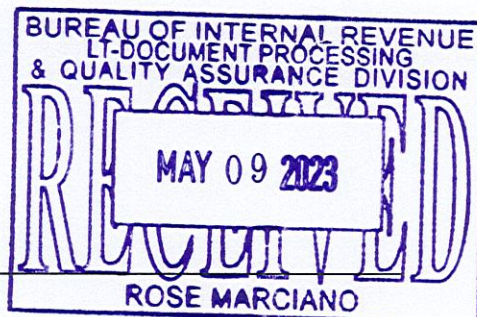
Partner - No. 121830-SEC (until financial period 2023)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-041-2023 (until Jan. 24, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

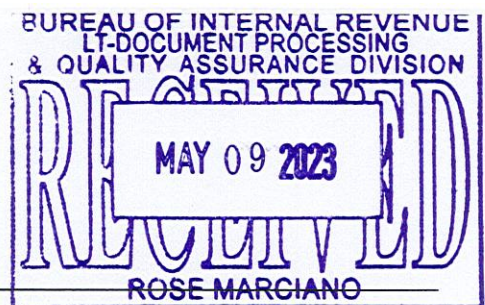
April 26, 2023



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

	Consolidated		Parent Company	
	December 31			
	2022	2021	2022	2021
ASSETS				
Cash and Other Cash Items	₱934,495,896	₱982,683,043	₱933,328,576	₱981,669,375
Due from Bangko Sentral ng Pilipinas (Note 14)	11,902,072,441	17,192,355,261	11,900,298,979	17,190,542,567
Due from Other Banks (Note 25)	1,157,136,383	900,800,210	1,104,570,629	792,068,538
Interbank Loans Receivable and Securities Purchased Under Resale Agreement (Notes 6, 27 and 30)	1,673,976,545	2,294,525,611	1,673,976,545	2,294,525,611
Financial Assets at Fair Value Through Profit or Loss (Note 7)	104,907,282	142,214,902	104,907,282	142,214,902
Financial Assets at Fair Value Through Other Comprehensive Income (Note 7)	5,556,025,368	3,857,486,193	5,556,025,368	3,857,486,193
Debt Securities at Amortized Cost (Note 7)	11,169,868,365	3,674,617,470	11,169,868,365	3,674,617,470
Loans and Receivables (Note 8)	23,159,311,373	19,825,216,818	23,059,054,961	19,741,816,334
Investments in Subsidiaries (Note 9)	—	—	150,118,758	146,270,959
Bank Premises, Furniture, Fixtures and Equipment (Notes 10 and 25)	1,041,628,140	1,085,491,372	1,074,549,717	1,117,126,858
Investment Properties (Note 11)	2,287,286,537	2,062,713,825	2,298,362,595	2,073,789,883
Deferred Tax Assets (Note 21)	359,222,650	287,451,260	359,222,650	287,451,260
Other Assets (Note 12)	1,891,628,515	1,386,061,991	1,768,853,729	1,312,229,889
	₱ 61,237,559,495	₱53,691,617,956	₱61,153,138,154	₱53,611,809,839
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 14 and 25)				
Demand	₱38,434,886,425	₱31,598,603,768	₱38,499,871,111	₱31,673,101,753
Savings	13,606,900,775	13,875,265,433	13,550,643,286	13,820,720,442
Time	4,153,198,887	3,253,236,125	4,150,771,192	3,251,208,475
	56,194,986,087	48,727,105,326	56,201,285,589	48,745,030,670
Loans Payable (Note 14)	—	10,939,604	—	—
Manager's Checks	57,866,552	48,662,704	57,866,552	48,662,704
Accrued Taxes, Interest and Other Expenses (Note 15)	330,501,343	411,991,963	326,549,007	407,663,800
Lease Liability (Note 20)	240,618,020	269,525,479	240,618,020	269,525,479
Income Tax Payable	15,146,553	162,860	14,051,587	20,302
Other Liabilities (Note 16)	1,619,800,212	1,470,266,553	1,533,784,524	1,387,674,569
	58,458,918,767	50,938,654,489	58,374,155,279	50,858,577,524
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock (Note 18)	2,888,650,487	2,888,460,412	2,888,650,487	2,888,460,412
Treasury stock (Note 18)	(378,599,039)	(378,584,239)	(378,599,039)	(378,584,239)
Additional paid-in capital (Note 18)	8,064,033	8,064,033	8,064,033	8,064,033
Surplus reserves (Notes 22 and 24)	1,280,920,430	1,280,920,430	1,280,920,430	1,280,920,430
Appropriated surplus (Note 18)	361,616,154	361,796,154	361,616,154	361,796,154
Deficit (Notes 18, 22 and 24)	(1,308,549,909)	(1,408,992,440)	(1,308,549,909)	(1,408,992,440)
Remeasurement gains on net retirement plan	71,012,426	1,756,572	71,012,426	1,756,572
Net accumulated unrealized losses on financial assets at fair value through other comprehensive income (Note 7)	(143,683,266)	(217,304)	(143,683,266)	(217,304)
Cumulative translation adjustment	(448,441)	28,697	(448,441)	28,697
	2,778,982,875	2,753,232,315	2,778,982,875	2,753,232,315
Non-Controlling Interest	(342,147)	(268,848)	—	—
	2,778,640,728	2,752,963,467	2,778,982,875	2,753,232,315
	₱61,237,559,495	₱53,691,617,956	₱61,153,138,154	₱53,611,809,839

See accompanying Notes to Financial Statements.



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF INCOME

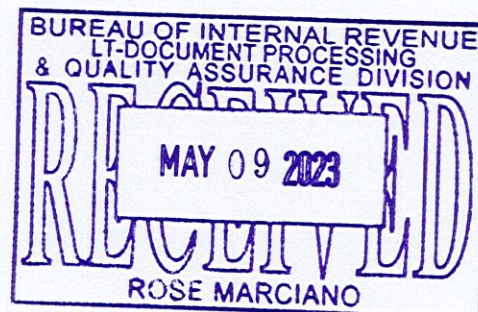
	Consolidated			Parent Company		
	Years Ended December 31			2022	2021	2020
	2022	2021	2020	2022	2021	2020
INTEREST INCOME ON:						
Loans and receivables (Notes 8 and 25)	₱1,407,116,793	₱1,392,216,542	₱1,988,365,744	₱1,400,685,225	₱1,386,927,042	₱1,984,887,938
Deposits with banks (Note 25)	357,721,094	252,990,187	412,997,830	356,436,293	252,034,378	411,106,054
Investment securities at amortized cost and fair value through other comprehensive income (Note 7)	473,724,549	231,051,715	236,613,515	473,724,549	231,051,715	236,613,515
Interbank loans receivable and securities purchased under resale agreements (Note 6)	49,197,640	20,308,057	67,766,822	49,197,640	20,308,057	67,766,822
Financial assets at fair value through profit or loss (Note 7)	13,210,778	17,126,335	12,234,386	13,210,778	17,126,335	12,234,386
	2,300,970,854	1,913,692,836	2,717,978,297	2,293,254,485	1,907,447,527	2,712,608,715
INTEREST EXPENSE ON:						
Deposit liabilities (Notes 14 and 25)	202,291,462	206,166,555	383,717,423	202,026,052	205,904,071	383,315,312
Loans payable (Note 14)	337,192	1,915,084	3,698,421	6,111	—	—
Lease liability – net (Note 20)	25,825,584	27,036,536	23,501,435	25,825,584	27,036,536	23,501,435
	228,454,238	235,118,175	410,917,279	227,857,747	232,940,607	406,816,747
NET INTEREST INCOME	2,072,516,616	1,678,574,661	2,307,061,018	2,065,396,738	1,674,506,920	2,305,791,968
Gain on sale of assets (Notes 7, 10 and 11)	284,981,855	213,351,125	198,897,667	281,868,703	200,645,035	177,600,545
Gain on asset foreclosures and dacion	204,809,024	52,152,195	27,211,506	204,809,024	52,152,195	27,211,506
Service fees and commissions (Notes 25 and 31)	147,987,146	187,988,297	160,862,688	115,458,464	158,222,232	130,979,834
Income from trust operations (Note 24)	12,840,505	12,644,350	12,876,437	12,840,505	12,644,350	12,876,437
Foreign exchange gains – net	—	415,285	—	—	409,842	—
Trading gains – net (Notes 5 and 7)	—	9,969,840	52,660,478	—	9,969,840	52,660,478
Equity in net earnings of subsidiaries (Note 9)	—	—	—	3,847,799	9,698,370	5,057,243
Other operating income (Notes 6 and 20)	54,152,778	53,164,952	58,133,063	53,619,724	52,901,570	56,692,010
TOTAL OPERATING INCOME	2,777,287,924	2,208,260,705	2,817,702,857	2,737,840,957	2,171,150,354	2,768,870,021
Compensation and fringe benefits (Notes 19 and 25)	726,114,458	817,438,663	856,837,292	707,034,784	798,680,151	838,015,504
Depreciation and amortization (Notes 10, 11 and 12)	358,354,529	294,847,640	293,677,960	356,121,375	292,750,444	290,674,981
Occupancy (Note 20)	232,983,425	218,735,424	217,684,867	232,122,353	217,808,682	216,741,005
Repairs and maintenance	222,257,235	193,579,573	173,754,100	221,391,153	193,477,018	173,682,131
Taxes and licenses (Note 21)	206,649,718	159,025,764	209,359,336	205,133,844	156,951,059	207,356,101
Provision for impairment, credit and other losses (Note 13)	148,562,462	918,098,729	834,162,480	145,695,442	917,920,502	832,288,874
Insurance	123,628,081	137,665,857	127,938,069	122,596,269	136,399,240	126,701,453
Amortization of software costs (Note 12)	81,956,772	49,313,380	25,692,573	81,956,772	49,313,380	25,692,573
Litigation expenses on acquired assets	58,285,744	32,984,171	33,682,994	58,285,744	32,984,171	33,682,994
Transportation and travel	50,038,243	40,489,916	32,427,209	49,009,073	39,581,878	31,756,271
Communications	42,562,613	42,970,729	39,066,794	42,283,589	42,556,071	38,677,076
Professional fees	38,893,533	32,593,775	47,098,229	35,315,634	29,163,552	44,139,481
Bangko Sentral ng Pilipinas supervision fees	13,451,607	14,502,929	14,011,655	13,442,375	14,497,799	14,008,086
Office supplies	12,531,705	11,146,100	19,396,363	12,361,577	11,022,072	19,268,194
Provision for litigation (Note 26)	12,474,093	—	—	12,474,093	—	—
Fees and commissions	12,192,650	15,498,864	16,270,126	11,430,825	12,498,502	11,753,087
Membership fees and dues	11,441,692	12,260,660	9,255,267	10,936,240	11,860,149	8,880,384
Entertainment, amusement and recreation expenses	5,701,834	4,564,920	4,676,200	5,369,507	4,342,090	4,462,456
Foreign exchange losses – net	4,331,148	—	4,473,872	4,331,148	—	4,468,488
Fines and penalties	3,981,900	90,183	1,919,031	3,981,361	32,020	1,818,627
Freight expenses	3,868,844	6,461,759	5,167,314	3,868,844	6,461,759	5,167,314
Trading losses – net (Notes 5 and 7)	2,961,007	—	—	2,961,007	—	—
Loss on modification of loans (Note 8)	—	—	108,391,645	—	—	108,391,645
Write-off of software-in-progress (Note 12)	—	—	228,870,599	—	—	228,870,599
Miscellaneous (Note 11)	44,268,470	89,901,754	84,775,679	44,239,065	89,750,170	83,530,888
TOTAL OPERATING EXPENSES	2,417,491,763	3,092,170,790	3,388,589,654	2,382,342,074	3,058,050,709	3,350,028,212
INCOME (LOSS) BEFORE INCOME TAX	359,796,161	(883,910,085)	(570,886,797)	355,498,883	(886,900,355)	(581,158,191)
PROVISION FOR INCOME TAX (Note 21)	91,935,844	172,044,568	211,321,138	87,565,267	169,025,711	200,978,531
NET INCOME (LOSS) (Note 23)	₱267,860,317	(₱1,055,954,653)	(₱782,207,935)	₱267,933,616	(₱1,055,926,066)	(₱782,136,722)
Attributable to:						
Equity holders of the Parent Company (Note 23)	₱267,933,616	(₱1,055,926,066)	(₱782,136,722)			
Non-controlling interest	(73,299)	(28,587)	(71,213)			
	₱267,860,317	(₱1,055,954,653)	(₱782,207,935)			
Basic/Diluted Earnings (Loss) Per Share (Note 23)	₱11.60	(₱45.71)	(₱33.86)			

See accompanying Notes to Financial Statements.

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME

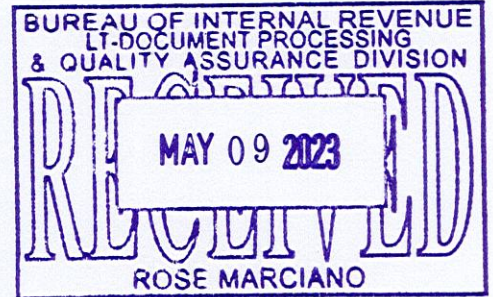
	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
NET INCOME (LOSS) (Note 23)	₱267,860,317	(₱1,055,954,653)	(₱782,207,935)	₱267,933,616	(₱1,055,926,066)	(₱782,136,722)
OTHER COMPREHENSIVE INCOME (LOSSES)						
Items that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement gains (losses) on retirement plan, net of tax (Notes 19 and 21)	69,255,854	57,488,021	(23,858,166)	69,255,854	57,488,021	(23,858,166)
Net unrealized gains on equity securities at fair value through other comprehensive income (Note 7)	30,602,239	50,875,567	2,597,565	30,602,239	50,875,567	2,597,564
	99,858,093	108,363,588	(21,260,601)	99,858,093	108,363,588	(21,260,602)
Items that will be reclassified to profit or loss in subsequent periods:						
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income (Note 7)	(174,068,201)	(6,960,039)	27,395,457	(174,068,201)	(6,960,039)	27,395,458
Cumulative translation adjustment	(477,138)	(122,788)	109,861	(477,138)	(122,788)	109,861
	(174,545,339)	(7,082,827)	27,505,318	(174,545,339)	(7,082,827)	27,505,319
TOTAL COMPREHENSIVE INCOME (LOSSES)	₱193,173,071	(₱954,673,892)	(₱775,963,218)	₱193,246,370	(₱954,645,305)	(₱775,892,005)
Attributable to:						
Equity holders of the Parent Company	₱193,246,370	(₱954,645,305)	(₱775,892,005)			
Non-controlling interest	(73,299)	(28,587)	(71,213)			
	₱193,173,071	(₱954,673,892)	(₱775,963,218)			

See accompanying Notes to Financial Statements.



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY

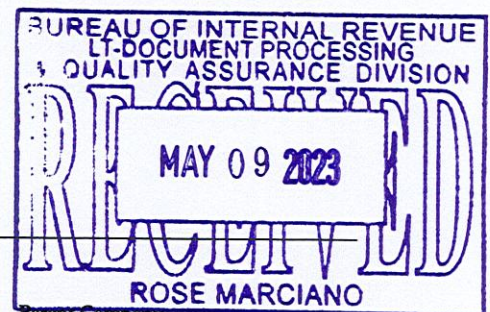
Consolidated																
Equity Attributable to Equity Holders of the Parent Company																
	Preferred Stock (Note 18)	Common Stock (Note 18)	Stock Dividends Distributable (Note 19)	Capital Stock	Total	Treasury Stock (Note 19)	Paid-in Capital (Note 18)	Surplus Reserves (Notes 22 and 24)	Appropriated Surplus (Note 19)	Surplus (Deficit) (Notes 18, 22 and 24)	Reclassification on Retirement Plan (Note 19)	Net Accumulated Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income (Note 7)	Cumulative Translation Adjustment	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2022, as previously reported	\$362,281,800	\$2,518,355,812	\$7,822,800	\$2,888,466,412	-	(\$378,584,239)	\$8,664,033	\$1,280,920,450	\$361,796,154	(\$1,408,992,440)	\$1,756,572	(\$211,364)	\$28,697	\$2,353,332,315	(\$268,848)	\$2,352,963,467
Other adjustment (Note 27)	-	-	-	-	-	-	-	-	-	(657,920,085)	-	-	-	-	-	(\$657,920,085)
Balance at January 1, 2022	\$362,281,800	\$2,518,355,812	7,822,800	2,888,466,412	-	(\$378,584,239)	8,664,033	1,280,920,450	361,796,154	(\$1,766,912,525)	1,756,572	(211,364)	28,697	2,353,332,315	(268,848)	2,352,963,467
Balance at January 1, 2022	\$362,281,800	\$2,518,355,812	-	-	-	-	-	-	-	267,933,616	69,255,854	(141,465,962)	(477,130)	193,246,370	(73,299)	193,173,071
Total comprehensive income (losses)	-	-	-	-	-	(14,800)	-	-	-	-	-	-	-	(14,800)	-	(14,800)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to capital stock from appropriated surplus representing shares of previously unacquired stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of subscriptions to common stock and issuance of stock dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022	\$362,281,800	\$2,518,355,812	7,822,800	\$2,888,466,412	\$6,075	(\$378,599,039)	\$8,664,033	\$1,280,920,450	\$361,796,154	(\$1,508,972,509)	\$77,072,426	(\$15,683,266)	(\$448,441)	2,378,952,875	(\$248,147)	2,378,664,728
Balance at January 1, 2021	\$362,152,200	\$2,517,422,737	-	\$2,887,405,237	-	(\$378,569,439)	\$8,064,033	\$1,280,920,450	\$362,832,554	(\$3,531,662,714)	(\$53,731,449)	4,591,538	(122,288)	(\$54,673,893)	(28,587)	(\$54,673,893)
Total comprehensive income (losses)	-	-	-	-	-	(14,800)	-	-	-	(1,055,926,066)	57,460,021	-	-	(14,800)	-	(14,800)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to capital stock from appropriated surplus representing shares of previously unacquired stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of subscriptions to common stock and issuance of stock dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	\$362,281,800	\$2,518,355,812	\$7,822,800	\$2,888,466,412	\$18,375	(\$378,584,239)	\$8,064,033	\$1,280,920,450	\$361,796,154	(\$1,608,992,440)	\$1,756,572	(\$211,364)	\$28,697	\$2,353,332,315	(\$268,848)	\$2,352,963,467
Balance at January 1, 2020	\$362,143,200	\$2,517,349,387	-	\$2,887,325,887	-	(\$378,510,239)	8,064,033	\$1,280,920,450	\$362,804,554	(\$2,970,703,948)	(\$1,151,585,564)	(\$1,873,283)	\$41,624	\$1,483,817,900	(\$169,046)	\$1,483,648,854
Total comprehensive income (losses)	-	-	-	-	-	-	-	-	-	(782,35,722)	25,995,022	(21,888,166)	109,861	(775,892,009)	(7,213)	(775,962,818)
Transfer to surplus reserves (Notes 22 and 24)	-	-	-	-	-	(59,200)	-	-	-	-	-	-	-	(59,200)	-	(59,200)
Acquisition of Treasury Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to capital stock from appropriated surplus representing shares of previously unacquired stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of subscriptions to common stock and issuance of stock dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2020	\$362,152,200	\$2,517,422,737	\$7,822,800	\$2,887,405,237	7,350	(\$378,569,439)	\$8,064,033	\$1,280,920,450	\$362,832,554	(\$3,531,662,714)	(\$53,731,449)	(\$41,132,832)	\$31,685	\$1,707,874,645	(\$240,261)	\$1,707,634,384



	Parent Company				Net Accumulated Unrealized			
	Preferred Stock	Common Stock	Stock Dividends	Surplus	Appropriated Surplus	Reinvestment Gains (Losses)	Financial Assets at Fair Value	Cumulative Translation Adjustment
	(Note 18)	(Note 18)	(Note 18)	(Notes 22 and 24)	(Note 18)	(Note 18)	Through Other Comprehensive Income (Note 7)	
Balances at January 1, 2022, as previously reported	\$362,281,800	\$2,518,355,812	\$7,822,800	\$2,888,460,412	\$361,796,154	\$1,756,572	—	\$2,753,232,315
Other adjustment (Note 27)	—	—	—	—	—	(157,491,085)	—	(157,491,085)
Balances at January 1, 2022	362,281,800	2,518,355,812	7,822,800	2,888,460,412	361,796,154	1,599,087	—	2,595,741,230
Total comprehensive income (losses)	—	—	—	—	—	69,255,854	(143,465,962)	193,246,370
Acquisition of treasury stock	—	—	—	—	—	—	—	(14,800)
Transfer to capital stock from appropriated surplus representing shares of previously unlocated stockholders	22,500	157,500	—	—	—	—	—	—
Transfer to capital stock from appropriated surplus representing shares of previously unlocated stockholders	—	13,975	(3,900)	180,000	(180,000)	—	—	—
Collection of subscriptions to common stock and issuance of stock dividends	—	—	—	10,075	—	—	—	10,075
Balances at December 31, 2022	\$362,304,300	\$2,518,527,287	\$7,818,900	\$2,888,650,487	\$361,616,154	\$1,641,592	—	\$2,778,982,875
Balances at January 1, 2021	\$362,152,200	\$2,517,422,737	\$7,830,300	\$2,887,405,237	\$362,832,954	\$1,756,572	—	\$2,778,982,875
Total comprehensive income (losses)	—	—	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—
Transfer to capital stock from appropriated surplus representing shares of previously unlocated stockholders	129,600	907,200	—	1,036,800	(1,036,800)	—	—	—
Collection of subscriptions to common stock and issuance of stock dividends	—	25,875	(7,500)	18,375	—	—	—	18,375
Balances at December 31, 2020	\$362,281,800	\$2,518,355,812	\$7,822,800	\$2,888,460,412	\$361,796,154	\$1,756,572	—	\$2,753,232,315
Balances at January 1, 2019	\$362,143,200	\$2,517,340,387	\$7,833,300	\$2,887,325,887	\$362,904,954	\$1,756,572	—	\$2,753,232,315
Total comprehensive income (losses)	—	—	—	—	—	—	—	—
Transfer to surplus reserves (Notes 22 and 24)	—	—	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—
Transfer to capital stock from appropriated surplus representing shares of previously unlocated stockholders	9,000	63,000	—	72,000	(72,000)	—	—	—
Collection of subscriptions to common stock and issuance of stock dividends	—	10,350	(3,000)	7,350	—	—	—	7,350
Balances at December 31, 2020	\$362,152,200	\$2,517,422,737	\$7,830,300	\$2,887,405,237	\$362,832,954	\$1,756,572	—	\$2,753,232,315

See accompanying Notes to Financial Statements.

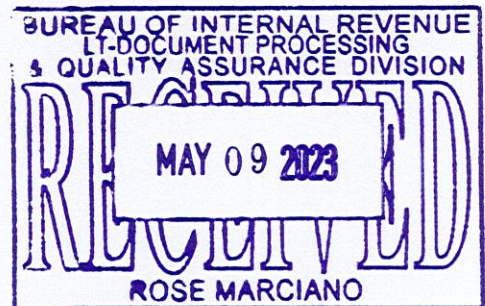




PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Income (loss) before income tax	₱359,796,161	(₱883,910,085)	(₱570,886,797)	₱355,498,883	(₱886,900,355)	(₱581,158,191)
Adjustments for:						
Depreciation and amortization (Notes 10, 11 and 12)	358,354,529	294,847,640	293,677,960	356,121,375	292,750,444	290,674,981
Gain on sale of assets (Notes 10 and 11)	(284,981,855)	(213,351,125)	(198,897,667)	(281,868,703)	(200,645,035)	(177,600,545)
Gains on asset foreclosures and daction transactions	(204,809,024)	(52,152,195)	(27,211,506)	(204,809,024)	(52,152,195)	(27,211,506)
Provision for impairment, credit and other losses (Note 13)	148,562,462	918,098,729	834,162,480	145,695,442	917,920,502	832,288,874
Amortization of software costs (Note 12)	81,956,772	49,313,380	25,692,573	81,956,772	49,313,380	25,692,573
Interest expense on lease liability (Note 20)	25,825,584	27,036,536	23,501,435	25,825,584	27,036,536	23,501,435
Amortization of premium on debt securities at amortized cost	22,636,238	25,114,820	19,153,918	22,636,238	25,114,820	19,153,918
Unrealized loss (gain) on financial assets at fair value through profit or loss (Note 7)	14,977,004	(11,159,504)	22,812,346	14,977,004	(11,159,504)	22,812,346
Provision for litigation (Note 26)	12,474,093	—	—	12,474,093	—	—
Gain on contract modification of leases	(2,707,577)	(5,369,233)	(168,493)	(2,707,577)	(5,369,233)	(168,493)
Equity in net earnings of subsidiaries (Note 9)	—	—	—	(3,847,799)	(9,698,370)	(5,057,243)
Write-off of software in progress (Note 12)	—	—	228,870,599	—	—	228,870,599
Loss on contract modification of loans (Note 8)	—	—	108,391,645	—	—	108,391,645
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Financial assets at fair value through profit or loss	22,330,616	1,241,793,397	(1,183,045,199)	22,330,616	1,241,793,397	(1,183,045,199)
Other assets	82,993,353	120,851,564	(46,194,574)	131,936,037	105,659,857	(30,457,522)
Loans and receivables	(3,444,948,327)	(118,362,510)	132,319,343	(3,425,225,379)	(149,286,764)	159,517,000
Increase (decrease) in amounts of:						
Deposit liabilities	7,467,880,761	2,045,207,541	(6,319,041,646)	7,456,254,919	2,047,583,846	(6,289,269,722)
Other liabilities	137,183,864	(94,589,401)	129,500,615	133,760,160	(95,178,686)	129,978,790
Accrued taxes, interest and other expenses	(81,490,620)	18,886,868	(57,502,340)	(81,114,793)	19,314,739	(58,405,431)
Manager's checks	9,203,848	12,052,672	(9,736,123)	9,203,848	12,052,672	(9,736,123)
Net cash provided by (used in) operations	4,725,237,882	3,374,309,094	(6,594,601,431)	4,769,097,696	3,328,150,051	(6,521,227,814)
Income taxes paid	(171,809,386)	(142,299,876)	(163,050,499)	(168,391,217)	(139,423,577)	(152,707,892)
Net cash provided by (used in) operating activities	4,553,428,496	3,232,009,218	(6,757,651,930)	4,600,706,479	3,188,726,474	(6,673,935,706)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale/maturities of:						
Debt securities at fair value through other comprehensive income (Note 13)	2,156,966,247	3,731,163,909	2,664,347,665	2,156,966,247	3,731,342,136	2,664,347,665
Debt securities at amortized cost (Note 13)	1,055,283,162	2,501,992,140	214,473,493	1,055,283,162	2,501,992,140	214,473,493
Investment properties	130,879,726	515,082,554	300,722,593	128,002,991	515,082,554	279,425,471
Bank premises, furniture, fixtures and equipment	35,377,655	27,946,959	2,334,986	34,660,842	30,388,232	681,303
Equity securities at fair value through other comprehensive income (Note 7)	400,000	—	—	400,000	—	—
Acquisitions of/additions to:						
Debt securities at amortized cost (Note 13)	(8,573,170,295)	(952,780,460)	(2,312,765,938)	(8,573,170,295)	(952,780,460)	(2,312,765,938)
Debt securities at fair value through other comprehensive income (Note 13)	(4,513,793,649)	(2,713,537,675)	(4,522,644,588)	(4,513,793,649)	(2,713,537,675)	(4,522,644,588)
Software costs (Note 12)	(188,824,650)	(302,158,664)	(105,940,885)	(188,824,650)	(302,158,664)	(105,940,885)
Bank premises, furniture, fixtures and equipment (Note 10)	(172,808,544)	(337,079,932)	(87,958,896)	(171,381,085)	(334,952,217)	(86,008,409)
Net cash provided by (used in) investing activities	(10,069,690,348)	2,470,628,831	(3,847,431,570)	(10,071,856,437)	2,475,376,046	(3,868,431,888)
(Forward)						

(Forward)



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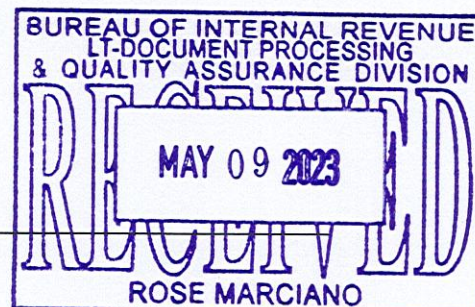
	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liability (Note 20)	(₱66,912,006)	(₱69,210,656)	(₱71,086,584)	(₱66,912,006)	(₱69,210,656)	(₱71,086,584)
Payments of loans payable (Note 30)	(10,939,604)	(21,377,256)	(19,098,315)	—	—	—
Dividends paid (Note 30)	(124,298)	(139,490)	(189,878)	(124,298)	(139,490)	(189,878)
Acquisitions of treasury stock (Note 18)	(14,800)	(14,800)	(59,200)	(14,800)	(14,800)	(59,200)
Collections on subscriptions of capital stock (Note 18)	10,075	18,375	7,350	10,075	18,375	7,350
Net cash used in financing activities	(77,980,633)	(90,723,827)	(90,426,627)	(67,041,029)	(69,346,571)	(71,328,312)
EFFECT OF TRANSLATION ADJUSTMENT						
	₱83,625	₱11,327	₱109,861	₱83,625	₱11,327	₱109,861
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,594,158,860)	5,611,925,549	(10,695,400,266)	(5,538,107,362)	5,594,767,275	(10,613,586,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	982,683,043	865,775,594	742,626,307	981,669,375	865,757,594	742,146,820
Due from Bangko Sentral ng Pilipinas	17,192,355,261	12,031,791,147	23,721,321,755	17,190,542,567	12,029,917,822	23,719,346,361
Due from other banks (Note 30)	901,202,583	821,570,259	870,252,420	792,470,911	729,061,824	696,493,320
Interbank loans receivable and securities purchased under resale agreement (Note 30)	1,598,163,239	1,343,341,577	423,678,361	1,598,163,239	1,343,341,577	423,678,361
	20,674,404,126	15,062,478,577	25,757,878,843	20,562,846,092	14,968,078,817	25,581,664,862
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	934,495,896	982,683,043	865,775,594	933,328,576	981,669,375	865,757,594
Due from Bangko Sentral ng Pilipinas	11,902,072,441	17,192,355,261	12,031,791,147	11,900,298,979	17,190,542,567	12,029,917,822
Due from other banks (Note 30)	1,157,538,756	901,202,583	821,570,259	1,104,973,002	792,470,911	729,061,824
Interbank loans receivable and securities purchased under resale agreement (Note 30)	1,086,138,173	1,598,163,239	1,343,341,577	1,086,138,173	1,598,163,239	1,343,341,577
	₱15,080,245,266	₱20,674,404,126	₱15,062,478,577	₱15,024,738,730	₱20,562,846,092	₱14,968,078,817

OPERATIONAL CASH FLOWS FROM INTERESTS

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
Interest received	₱2,228,551,878	₱2,166,225,092	₱2,342,335,602	₱2,282,209,630	₱2,157,785,239	₱2,339,639,959
Interest paid	201,883,904	212,737,390	419,243,376	201,704,811	212,283,563	414,733,098

See accompanying Notes to Financial Statements.

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS



1. Corporate Information

Philippine Veterans Bank (the Parent Company) operates as a domestic commercial bank and provides services such as deposit-taking, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange and trust services. The principal place of business of the Parent Company is at 101 V.A. Rufino corner Dela Rosa Streets, Legaspi Village, Makati City.

On June 18, 1963, the Philippine Veterans Bank was created with the enactment of Philippine Republic Act (R.A.) No. 3518, *An Act Creating the Philippine Veterans' Bank, and for Other Purposes*, which became its Charter.

On December 10, 2021, President Rodrigo R. Duterte signed the "Philippine Veterans Bank Act" or R.A. No. 11597 which took effect on January 21, 2022 and repealed the Parent Company's old Charter (R.A. 3518) and R.A. 7169, *An Act to Rehabilitate Philippine Veterans Bank*. This new Charter now allows the Parent Company to increase its capitalization from ₱100.0 million to ₱10.0 billion and align itself with banking industry standards and norms.

Another significant amendment in the new Charter is how the Parent Company defines "veterans" which is closely tied to stock ownership. The old Charter defined "veterans" as only those Filipinos who fought during World War II and thereafter recognized as "World War II Veterans." As such ownership of the Parent Company was limited to said Filipino veterans and their designated heirs. Under the new Charter, "veterans" will now also allow post-World War II veterans including Armed Forces of the Philippines (AFP) retirees to be shareholders as well. Further, shares may be opened for investment to non-veterans, provided that at all times the majority of the common shares shall be held by the veterans as defined under the new Charter.

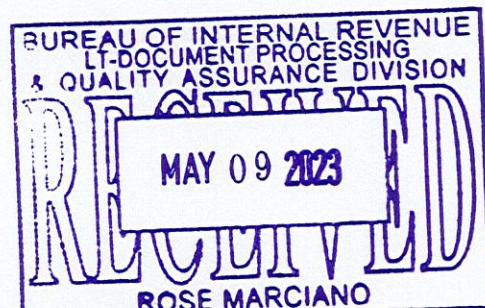
The Parent Company has three subsidiaries, namely Intervest Projects, Inc. (IPI), New Rural Bank of Agoncillo, Inc. (NAGON), and Veterans Venture Capital Corp. (VVCC) (see Note 9). IPI has a wholly owned subsidiary, Intervest Insurance Agency, Inc. (IIAI). The Parent Company and its subsidiaries are collectively referred hereinto as "the Group".

Continuing Impact of COVID-19 Pandemic on the Bank's Business

As the world learned to adapt and live with the COVID-19 virus and its variants in 2022, the Parent Company continued to implement programs and to observe health protocols to protect its clients and personnel. This included the guidelines from both the Department of Health, the Inter-Agency Task Force and the Local Government Units (LGU).

The Parent Company's branches and offices continued to implement mandated COVID-19 protocols such as temperature checks, wearing of face mask and physical distancing, among others. Both employees and clients are reminded of these protocols via regular advisories at branch entrances, social media and email.

The Parent Company's Head Office expansion project includes a North Hub in Quezon City and a South Hub in Alabang, Muntinlupa, with the existing head office building in Makati City as the Central Hub. This expansion allows employee workstations across all Hubs to be compliant with physical distancing requirements.



However, there were developments in the status of the subject loans and receivables as of December 31, 2020 which resulted in a different allowance for credit losses under PFRS. The Parent Company, as approved by the Board of Directors (BOD), used the lower of the allowance for credit losses as approved by the BSP and the allowance for credit losses determined under PFRS as of December 31, 2020 for purposes of the staggered booking which totaled to ₱1.27 billion. Using the same percentage of provisioning approved by the BSP, the revised amortization follows (amounts in millions):

Year	Percentage of provisioning	Provision	Accumulated amount of Allowance for credit losses
2020	5%	₱63.6	₱63.6
2021	10%	127.3	190.9
2022	20%	254.4	445.3
2023	30%	381.8	827.1
2024	35%	445.3	1,272.4

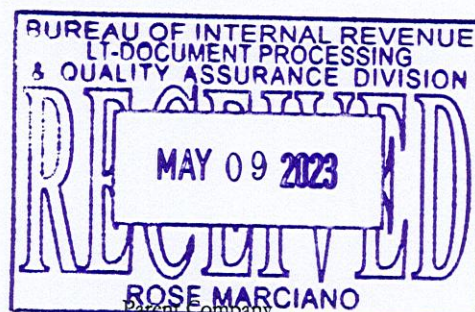
The balance of the staggered booking of allowance as of December 31, 2022 and 2021 follows (amounts in millions):

	2022	2021
Beginning balance	₱1,016	₱1,209
Staggered provisioning*	(387)	(193)
Ending balance	₱629	₱1,016

*Included ₱133 million and ₱66 million in 2022 and 2021, respectively, of accelerated recording of ECL which were reallocated to other credit exposure as related loan balances were already settled/paid off.

The impact of the above staggered booking of the allowance for credit losses on loans and receivables to the financial statements as of and for the years ended December 31, 2022 and 2021 had it been accounted for in accordance with PFRS follows (amount in millions, except loss per share):

	Consolidated			Parent Company		
	December 31, 2022					
	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements
Loans and receivables	₱22,530	₱629	₱23,159	₱22,430	₱629	₱23,059
Allowance for credit losses						
– Loans and receivables	4,497	(629)	3,868	4,483	(629)	3,854
Deferred tax assets	359	–	359	359	–	359
Deficit	1,938	(629)	1,309	1,938	(629)	1,309



Consolidated

December 31, 2021

	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements
Loans and receivables	₱18,809	₱1,016	₱19,825	₱18,726	₱1,016	₱19,742
Allowance for credit losses –						
Loans and receivables	4,710	(1,016)	3,694	4,698	(1,016)	3,682
Deferred tax asset	287	–	287	287	–	287
Deficit	2,425	(1,016)	1,409	2,425	(1,016)	1,409
Provision for credit and impairment losses	725	193	918	725	193	918
Provision for deferred tax	33	–	33	33	–	33
Net loss	863	193	1,056	863	193	1,056
Loss per share	37.39	8.31	45.71			

The accompanying financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value.

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU).

The functional currency of the RBU and FCDU is Philippine peso (PHP) and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP, which is the presentation currency (see accounting policy on Foreign Currency Transactions and Translation) of the Group. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is the PHP.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with PFRS, except for the deferral and staggered recognition of the required allowance for credit losses on specific loans and receivables accounts over five years, as approved by the BSP in response to COVID-19 pandemic as discussed above, and the deferral and staggered recognition of the required allowance for credit losses on interbank call loans (IBCL) and accounts receivable from a thrift bank over 20 years as approved by the BSP, as discussed in Note 27.

Presentation of Financial Statements

The Group and the Parent Company present their statement of financial position broadly in order of liquidity. An analysis regarding expected recovery or settlement of assets and liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

New Amendments and Improvements to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the application of the financial reporting reliefs issued by BSP and approved by the SEC, as discussed above, and the adoption of new amendments and improvements 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, the adoption of these new amendments did not have a significant impact on the financial statements of the Group and the Parent Company.

Effective in 2022 that are Relevant to the Group and Parent Company

- **PFRS 3 (Amendments), *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. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations*, to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- **PAS 16 (Amendments), *Property, Plant and Equipment: Proceeds before Intended Use***

The amendments prohibit entities deducting 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, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- **PAS 37 (Amendments), *Onerous Contracts – Costs 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.

- ***Annual Improvements to PFRS 2018-2020 Cycle***

- **PFRS 9 (Amendments), *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities***

The amendments clarify 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.

- **The Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives***

The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

Effective in 2022 that are not Relevant to the Group and Parent Company

Among the improvements to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Group and Parent Company's financial statements:

- *Annual Improvements to PFRS 2018-2020 Cycle*
 - *PFRS 1, First-time Adoption of Philippines 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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.
 - *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.

Amendments Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group and Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group and Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- *PAS 12 (Amendments), 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).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- *PAS 8 (Amendments), 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. Also, the amendments 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.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- PAS 1 and PFRS Practice Statement 2 (Amendments), *Disclosure of Accounting Policies*
The amendments provide guidance and examples to help entities apply materiality judgements 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- PAS 1 (Amendments), *Classification of Liabilities as Current or Non-current*
The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - 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

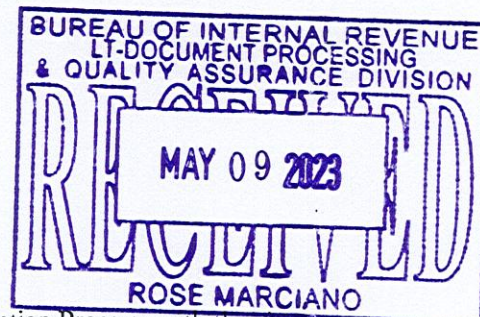
The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

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. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts



The Parent Company also continued to roll out its Employee Vaccination Program with the aim of providing additional protection for all its personnel and their families. It is also offered for free for all employees, including outsourced personnel, and their household members. As of December 31, 2022, 99% of all the Parent Company's personnel have been fully vaccinated (up to second dose). It also tied up with Makati LGU in offering free vaccination for all its personnel last October 2022.

To ensure continued operations in the new normal, the Parent Company has adapted several measures last 2021. This include the issuance of laptops to all personnel including those that can do remote work, using online meetings and webinars in lieu of face to face gatherings, and RT-PCR testing of personnel upon the advise of the HMO provider. This 2022, the Parent Company developed new HR policies related to alternative work arrangements and guidelines for handling individuals with symptoms and provided free antigen kits to employees with symptoms.

With the post pandemic environment unfolding, the Parent Company will continue to implement health measures and protocols bearing in mind the safety and protection of its employees and clients. At the same time, the Parent Company has laid the groundwork with its new core banking system that will pave the way for the expansion of its service delivery channels via online and mobile banking.

Based on the above actions and measures taken by the management to mitigate the adverse effect of the pandemic, the Parent Company believes that it would continue to remain liquid to meet current obligation as it falls due. Except for the identified events disclosed in Note 3, the management has not determined material uncertainty that may cast significant doubt on the Parent Company's ability to continue as a going concern due to the effects of pandemic.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the following financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic:

- Staggered booking of allowance for credit losses over a maximum period of five years calculated using the lower of allowance for credit losses as approved by BSP and the allowance for credit losses under PFRS; and
- Exclusion of eligible loans from past due and non-performing classification for regulatory reporting purposes until December 31, 2021.

On April 26, 2021, the BSP approved the Parent Company's request for the staggered booking of the allowance for credit losses on certain loans and receivable amounting to ₱1.44 billion as of September 30, 2020 over a maximum period of five years as follows (amounts in millions):

Year	Percentage of provisioning	Provision	Accumulated amount of allowance for credit losses
2020	5%	₱71.8	₱71.8
2021	10%	143.7	215.5
2022	20%	286.5	502.0
2023	30%	432.0	934.0
2024	35%	503.0	1,437.0

On December 15, 2021, the Financial Sustainability Reporting Standards Council 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 (Amendments), *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
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 Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes 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.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as discussed in Note 1. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. Consolidation of subsidiaries ceases when control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Parent Company. Non-controlling interest is presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the Parent Company's equity. Any losses applicable to the non-controlling interest are allocated against the interest of the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Acquisitions of non-controlling interests that do not result in a loss of control are accounted for as equity transaction, whereby the difference between the consideration and the fair value of the share of net assets acquired is recognized as an equity transaction and attributed to the owners of the Parent Company.

Significant Accounting Policies

Foreign Currency Transactions and Translation

Transactions and balances

The books of accounts of the RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU

For financial reporting purposes, foreign currency-denominated monetary assets and liabilities of the RBU are translated into PHP based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the reporting date in 2022 and 2021. Transactions denominated in foreign currencies are recorded using the exchange rates prevailing at the transaction dates. Foreign exchange differences are recognized in the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU

As at the reporting date, the assets and liabilities of FCDU are translated into Philippine peso at the prevailing BAP closing rate, and its income and expenses are translated at the BAP weighted average rates for the year. Exchange differences arising on translation are taken to OCI, and presented as 'Cumulative translation adjustment' in the statement of financial position.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid 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 the transaction to sell the asset or transfer the liability takes 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 fair value of an asset or a liability is measured 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 a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the 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 as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVTPL and financial assets at FVOCI, and for non-recurring measurement, such as financial assets at amortized cost and investment properties.

External appraisers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see Note 5).

Financial Instruments – Initial Recognition

Date of recognition

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Initial recognition of financial instruments

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

'Day 1' difference

Where transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Group determines the appropriate method in recognizing the 'Day 1' difference amount.

Classification and Subsequent Measurement of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them, measured at either: amortized cost, FVOCI, or FVTPL.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. The three main classifications of business models are: (1) held-to-collect (HTC); (2) held-to-collect-and-sell (HTCS); and (3) others.

Under the HTC business model, financial assets are held to collect contractual cash flows over the life of the instrument. Common key performance indicators (KPI) under the HTC business model are interest income generated, percentage of collection, and quality of assets. The Group also manages the credit risk associated with holding the instruments. Sales activities are allowed under the HTC business model, provided that these are only incidental in achieving the objectives of the business model. The following are allowed sale activities under the HTC business model:

- sales are due to an increase in the credit risk of a financial asset;
- sales are infrequent (even if significant), or are insignificant individually and in aggregate (even if frequent); or,
- sales take place close to the maturity of the financial asset and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

Under the HTCS business model, the objectives are to collect the contractual cash flows and to sell the financial assets. The Group monitors the interest income, fair value changes, and gains or losses from disposal activities, with more focus directed to managing both credit and liquidity risks.

Other business models are those that do not fall under HTC and HTCS business models. These include financial assets managed with the objective of realizing cash flows through sale, held-for-trading portfolio, and portfolio whose performance is evaluated on a fair value basis. KPIs revolve around fair value changes, and gains or losses from sales activities.

Contractual cash flow characteristics assessment

As a second step of the classification process, the Group assesses the contractual terms of financial assets to identify whether they represent solely payment for principal and interest (SPPI). For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, and other basic lending risks and costs associated with the principal amount outstanding.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within the HTC business model; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These are subsequently measured at amortized cost using the effective interest method, less any impairment in value. Interest income is calculated by applying the effective interest rate (EIR) to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the EIR is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of income as part of 'Interest income'.

This measurement category includes the statement of financial position captions: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable (IBLR) and securities purchased under resale agreement (SPURA)', 'Debt securities at amortized cost', and 'Loans and receivables'.

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within the HTCS business model; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVOCI are subsequently measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in OCI, net of any effects arising from income taxes, and are reported as part of 'Net accumulated unrealized losses on financial assets at FVOCI' account in equity. Except for those equity securities at FVOCI, the expected credit loss (ECL) arising from impairment of financial assets at FVOCI are recognized in OCI with a corresponding charge to 'Provision for impairment, credit and other losses' in the statement of income. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income under 'Other operating income' when the right of the payment has been established. When the asset is disposed of, the cumulative gain or loss previously recognized in OCI is not reclassified to profit or loss but is reclassified directly to 'Surplus (deficit)' account, except for those disposed debt securities at FVOCI wherein cumulative gains or losses are recycled back to profit or loss.

The Group's financial assets at FVOCI include government and private debt securities and quoted and unquoted equity securities.

Financial assets at FVTPL

All other financial assets are classified and measured at FVTPL. Financial assets that are held within a different business model other than HTC or HTCS are categorized as FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity security that is not held for trading at FVOCI at initial recognition. Financial assets at FVTPL are initially measured at fair value and transaction costs are expensed in profit or loss.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of 'Trading gains – net' in the statement of income.

The Group's financial assets at FVTPL include debt securities which are held for trading purposes and other financial assets that did not meet the SPPI criterion.

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets at amortized cost reclassified to the FVTPL or FVOCI category are measured at their fair value at reclassification date with the difference in measurement recognized in profit or loss or OCI, respectively.

When financial assets at FVTPL or FVOCI are reclassified to the amortized cost category, their fair value at reclassification date becomes their new gross carrying amount. However, for those reclassified out of FVOCI, the cumulative gain or loss previously recognized in OCI is removed from equity and adjusted against the fair value of the financial assets at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost.

Financial assets reclassified out of the FVTPL category and into the FVOCI category and vice versa continue to be measured at their fair value. However, for those reclassified from FVOCI to FVTPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Financial Liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments at amortized cost or at FVTPL.

Issued financial instruments or their components, which are not designated as financial liabilities at FVTPL, are classified as liabilities under 'Deposit liabilities', 'Bills payable' or other appropriate financial liability accounts, where the substance of the contractual arrangement 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.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set-off the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of a default, and event of insolvency or bankruptcy of the Parent Company and all the counterparties.

Income and expenses are presented on a net basis only when permitted under PFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Impairment of Financial Assets

Overview of the ECL principles

The Group recognizes allowance for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments [except for the IBCL and accounts receivable from a thrift bank (Note 27)];
- financial guarantee contracts issued; and,
- loan commitments issued.

The Group measures the allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and,
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Based on the above process, the Group groups its financial assets into Stage 1, Stage 2, Stage 3, as described below:

Stage of credit impairment	Characteristics	Time horizon in measuring ECL
Stage 1	Credit exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk	12-month
Stage 2	Credit exposure that are considered "underperforming" or not non-performing but with significant increase in credit risk since initial recognition	Lifetime
Stage 3	Credit exposures with objective evidence of impairment (i.e., credit-impaired), thus considered "non-performing"	Lifetime

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and,

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of default (PD) is the measure for the likelihood of a default event occurring over a specific time period. In the ECL calculation process, the PD is measured over either 12-month or the lifetime of a financial instrument. 12-month PD measures the probability of default in the coming 12 months and is used to calculate 12-month ECL. Lifetime PD measures the probability of default over the effective remaining term of a financial instrument, which is used to measure lifetime ECL for Stage 2 and 3 credit exposures. Both 12-month and lifetime PDs are adjusted for point-in-time (PiT) and forward-looking information.
- Loss-given default (LGD) is the share of an asset that is lost when a borrower defaults. It is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination. The Group considers any collateral or credit enhancements associated with the financial assets when estimating the LGD, (i.e., the recovery of cash flows the Group can expect to receive in the event of a default).
- Exposure at default (EAD) is 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, and expected drawdowns on committed facilities. The exposures will cover both on-balance sheet and off-balance sheet items. For revolving type of financial assets, the Group estimates the expected future drawdowns to calculate the EAD.

The Group applies a simplified ECL approach for its accounts receivables wherein the Group uses a provisioning matrix that considers historical changes in the behavior of the portfolio to predict conditions over the span of a given observation period.

Significant increase in credit risk

At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition of the financial asset, which is fundamental to stage allocation and determining the ECL calculation methodology (i.e., lifetime ECL is used if there has been significant increase in credit risk). In making the assessment, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment, including forward-looking information.

Below are the criteria and indicators on what constitutes significant increase in credit risk for corporate, mortgage and salary, and pension portfolios:

- credit exposures with missed payment for more than 30 days;
- rated credit exposures with risk ratings downgraded by at least two grades; and,
- loans that are classified as 'Especially mentioned' and 'Substandard – unimpaired' under BSP regulations

For treasury exposures, the Group uses the low credit risk operational simplification as allowed under PFRS 9, which assumes that there is no significant increase in credit risk if a financial asset is determined to have low credit risk at the reporting date. An example of low credit risk is that the financial instrument has an investment grade rating based on external rating agencies.

In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk, the Group reverts to recognizing a 12-month ECL.

Definition of default or credit-impaired

A financial asset is in default or credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is in default or credit-impaired may include, among others, significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event, the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise, it is becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to the deterioration in the borrower's condition is usually considered to be in default or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers certain factors, such as the market's assessment of creditworthiness as reflected in the bond yields, the rating agencies' assessments of creditworthiness, the country's ability to access the capital markets for new debt issuance, or the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

Inputs into the assessment of whether a financial instrument is in default as well as their significance may vary over time to reflect changes in circumstances.

The Group transfers credit-impaired financial assets from Stage 3 to Stage 1 when there is sufficient evidence to support that full collection of principal and interest is probable. This is particularly evident when payments of interest and/or principal are received for at least one year.

Forward-looking information

The Group uses its internal credit ratings and through-the-cycle (TtC) PD following the internal rating scale. The Group through an overlay converts its TtC PDs into PiT PDs through an overlay using macroeconomic variables determined to affect each homogenous lending products. These macroeconomic variables include gross domestic product, unemployment rate, change in S&P 500, energy and non-energy indices.

Presentation of allowance for ECL

Allowances for ECL on financial assets measured at amortized cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

For loan commitments and financial guarantee contracts, the ECL is generally presented in 'Provision for probable losses' under 'Other liabilities'. However, where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as 'Provision for impairment, credit and other losses'.

For debt securities at FVOCI, no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to the statement of income. The accumulated loss recognized in OCI is recycled to the statement of income upon derecognition of the assets.

IBCL and Accounts Receivable from a Thrift Bank

The required allowance for impairment and credit losses on IBCL and accounts receivable, representing assumed uninsured deposits from a thrift bank, are deferred and amortized over 20 years as approved by the BSP.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties, or based on housing price indices.

Restructured Loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment, credit and other losses' in the statement of income.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as securities sold under repurchase agreement in 'Other liabilities', reflecting the economic substance of such transaction.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The corresponding cash paid, including accrued interest, is recognized in the statement of financial position in 'TBLR and SPURA'. 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.

Derecognition of Financial Assets and Liabilities

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amounts of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of: (1) the consideration received (including any new asset obtained less any new liability assumed) and (2) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

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 of the asset, the asset is recognized to the extent of the Group's 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 liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- change in currency;
- introduction of an equity feature;
- change in counterparty; and,
- if the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, and IBLR and SPURA with original maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Investments in Subsidiaries

Subsidiaries pertain to all entities over which the Parent Company has control. Control is achieved when the Parent Company 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. The Parent Company has power over the investee when it has existing rights that give it the current ability to direct relevant activities (i.e., activities that significantly affect the entity's returns).

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and,
- the Parent Company's voting rights.

In the separate financial statements of the Parent Company, the investments in subsidiaries are accounted for under the equity method. Investments in subsidiaries are carried in the separate statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the subsidiary less any impairment in value.

Post-acquisition changes in the share of net assets of the subsidiary include the share in the income or losses of the subsidiaries. Dividends received are treated as a reduction in the carrying values of the investments. When the Parent Company increases its ownership interest in a subsidiary that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the subsidiary and the existing interest in the subsidiary is not remeasured. The share in the subsidiaries' post-acquisition profits or losses is recognized in the separate statement of income as 'Equity in net earnings/losses of subsidiaries'. When the share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it incurred obligations or made payments on behalf of the subsidiary.

Bank Premises, Furniture, Fixtures and Equipment

The Group's bank premises, furniture, fixtures and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Land is stated at cost less any impairment in value and depreciable properties, including buildings, leasehold improvements and furniture, fixtures and equipment, are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met, but excludes repairs and maintenance costs.

Depreciation and amortization is calculated using straight-line method over the estimated useful lives (EUL) of the depreciable assets.

The EUL of the property and equipment follow:

Buildings	25 to 40 years
Leasehold improvements	25 years or lease term, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years

The depreciation and amortization methods and EUL are reviewed at least at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties and Other Foreclosed Assets

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified under 'Investment properties' in the statement of financial position upon: (a) entry of judgment in case of juridical foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dacion in payment (dacion en pago).

The difference between the fair value of the foreclosed properties and the carrying value of the related receivables given up is recognized in 'Gain on asset foreclosures and dacion transactions' account in the statement of income.

Subsequent to initial recognition, land is carried at cost less any impairment in value while depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value.

Investment properties are derecognized when they have either been disposed of or are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income under 'Gain on sale of assets' in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against operations in the period in which the costs are incurred.

Depreciation is calculated for buildings and improvements on a straight-line basis over the EUL of ten years from the time of acquisition.

Foreclosed properties of land or building are classified under investment properties from foreclosure date. 'Other foreclosed assets' are repossessed assets which do not qualify as land or building and are included in 'Other assets' in the statement of financial position. These are carried at cost less accumulated depreciation and any impairment in value.

Depreciation of other foreclosed assets is calculated on a straight-line basis over the EUL of three years from the time of acquisition.

Transfers are made 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. Transfers are made from 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.

Software Costs

Software costs are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. The Group classifies software costs as follows:

- Major system – the software is acquired or internally developed, which is customized to suit the Group's operations. Generally, these systems have development stages to test their system design including software configuration and software interfaces, coding, installation of computer hardware and testing.
- Common system – the software is acquired but only minimal or no customization is needed.

Software costs are included in 'Other assets' in the statement of financial position. All software costs, except major systems are amortized on a straight-line basis over EUL of five years. Software costs classified as 'Major system' are amortized on a straight-line basis over EUL of 10 years.

Software costs under development and are not yet available for use are intangible assets with indefinite useful life. These are subject to annual impairment testing (see accounting policy on "Impairment of Nonfinancial Assets").

Costs associated with maintaining the computer software programs are recognized as expense when incurred.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is an intangible asset with indefinite useful life and is subject to annual impairment testing. Following initial recognition, goodwill is measured at cost net of impairment losses (see accounting policy on "Impairment of Nonfinancial Assets").

Impairment of Nonfinancial Assets

Bank premises, furniture, fixtures and equipment, investment properties, other foreclosed assets, and software costs

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, 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 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. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted 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 (or CGU). An impairment loss is charged against operations in the year in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount 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. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Investments in subsidiaries

The Parent Company determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. If that is the case, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in the parent company statement of income. Recoverable amount is the higher of the assets or CGU's fair value less costs to sell and its value in use.

Goodwill and software under development

Goodwill and software that are not yet available for use are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill and software under development relates. Where 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 and software under development has been allocated, an impairment loss is recognized immediately in the statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its impairment test of goodwill and software under development annually.

Equity

Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital'. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Issuance, underwriting and other related costs incurred in connection with the issuance of the capital securities are treated as a reduction of equity against 'Additional paid-in capital'.

Surplus represents accumulated earnings less dividends declared. The Parent Company's surplus available for dividend declaration includes accumulated earnings subject to certain adjustments per SEC Memorandum Circular 11, Series of 2008. The Parent Company's surplus reserves include (1) portion of net income transferred from surplus as required by the Parent Company's by-laws; and (2) portion of the Parent Company's income from its trust operations transferred from surplus as required by BSP. The accumulated equity earnings from subsidiaries included in surplus are available for dividend declaration when declared as dividends by the subsidiaries.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of.

Remeasurements consist of:

- (a) Net unrealized fair value gains or losses arising from remeasurements of financial assets at FVOCI;
- (b) Reserves on remeasurements of post-employment defined benefit plan comprising of net accumulated actuarial gains or losses arising from experience adjustments and other changes in actuarial assumptions, and actual return on plan assets (excluding account included in net interest); and,
- (c) Accumulated translation adjustments related to the cumulative gains from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Parent Company.

Surplus reserve for trust business representing the accumulated amount set aside by the Group under existing regulations requiring the Parent Company to appropriate and transfer to surplus 10% of its net profits accruing from their trust business until the surplus shall amount to 20% of the regulatory capital. The reserve shall not be paid out in dividends, but losses accruing in the course of the trust business may be charged against this account.

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 a principal or agent. The Group concluded that it is acting as a principal in all of its revenue arrangements, except for certain trading and insurance brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Service fees and commissions

Fees and commissions charged for the provision of services are recognized as revenue as the services are provided. These fees include custodian fees and trust fees. Loan syndication fees are recognized upon completion of all syndication activities and where the Group does not have further obligations to perform under the syndication agreement. Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to their collectability.

Other income

Other income is recognized when earned and the collectability is reasonably assured. The following revenues outside the scope of PFRS 15 are recognized as follows:

Gains on sale of assets

Gain from sale of assets such as investment properties and bank premises, furniture, fixtures and equipment is recognized when the control over the properties has been transferred to the buyer.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing operating leases.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established.

Trading gains – net

Results arising from trading activities include all gains and losses from changes in fair value of financial assets at FVTPL, and gains and losses from disposal of debt securities at FVOCI. Cost of securities sold is determined using specific identification method.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortized cost of the financial liability. The calculation of EIR includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Loan commitment fees are earned over the terms of the credit lines granted to each borrower and recognized as an adjustment to the EIR of the loan.

When calculating the EIR for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECLs. For credit-impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs. The calculation of interest income reverts back to gross basis if the credit risk of the asset improves.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented separately from interest income on financial assets at amortized cost and debt securities at FVOCI, and from interest expense on other financial liabilities at amortized cost, respectively.

Expense Recognition

Expenses are recognized in the statement of income when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Retirement Cost

The Parent Company is covered by a funded noncontributory defined benefit retirement plan (the Plan). A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The Parent Company's retirement cost is determined using the projected unit credit method. The retirement cost is generally funded through payments to a trustee-administered fund, determined by periodic actuarial calculations.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the 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 plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is 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. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Retirement expense is presented under 'Compensation and fringe benefits' in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding net interest on defined benefit asset) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated 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 Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlement to annual leave is recognized as a liability when the employees render the services that increases their annual leave entitlement. The cost of accumulating annual leave are measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Short-term Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized as expense in the statement of income during that period and any unsettled amount at the end of the reporting period is included as part of Accrued Interest, Taxes and Other Expenses in the statement of financial position.

Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity such as the Social Security System. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Assets or liabilities may be recognized if prepayment or underpayment has occurred.

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.

Group as a lessee

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 lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**
The Group recognizes Right-of-use assets (included in 'Bank Premises, Furniture, Fixtures and Equipment') at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets is subject to impairment in line with the Group's policy on impairment of financial assets. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets (i.e., 1 to 50 years for office spaces).
- **Lease liabilities**
Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased assets and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of incomes, net of any reimbursement. If the effect of the time value of money is material, provisions are determined 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. Where discounting is used, the increase in the provision due to the passage of time is recognized in 'Interest expense' in the statement of income.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources 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.

In certain cases, disclosure of some or all of the information required by PAS 37 can be expected to prejudice seriously the position of the Group in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, the Group will not disclose the information, but will disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred taxes

Deferred tax is provided using the 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.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry forward 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 profit will be available against which the deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized 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 or loss nor taxable income or NOLCO.

Fiduciary Activities

Assets and income arising from fiduciary activities, together with related undertakings to return such assets to customers, are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

a) Going concern

As discussed in Note 4, as of December 31, 2022 and 2021, the Capital Adequacy Ratio (CAR) of the Parent Company is 3.64% and 5.30%, respectively, (after taking into the effect of the regulatory relief provided under BSP Memorandum M-2020-061 which allowed the staggered booking of ECL) compared to the minimum CAR of 10.00% as required by the BSP. Also, the Parent Company's leverage ratio of 1.84% and 2.46% as of December 31, 2022 and 2021, respectively, is below BSP's required leverage ratio of 5.00%. In addition, as of December 31, 2022, the Group's and Parent Company's qualifying capital is ₱1.25 billion and ₱1.28 billion, after regulatory relief provided under BSP Memorandum M-2020-061, which have not met the minimum capital requirement of BSP amounted to ₱10.00 billion. Due to the COVID-19 pandemic that started in 2020, the business environment has changed and made the operation extremely difficult resulting in the decline in the capital level of the Parent Company. In 2022, as the economy continuously recover from the COVID-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound. This recovery resulted in positive gains for the Parent Company, generating a net income of ₱267.86 million in 2022 coming from a net loss of ₱1.06 billion in 2021.

However, the Parent Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Parent Company will continue to exist since it remains to be highly liquid, will continue to address its liquidity needs and gradually grow its lending business given its high Liquid Coverage Ratio (LCR) of 218% and 254% and Net Stable Funding Ratio (NSFR) of 136% and 151% as of December 31, 2022 and 2021, respectively. Further, as mentioned in Note 1, the amendment to the Bank's charter was approved by Former President Rodrigo Duterte on December 10, 2021 and took effect on January 21, 2022. The amendment expanded the shareholder base allowed to put in additional capital to the Bank for it to meet regulatory capital requirements. With the expansion of qualified investor base, the Parent Company has initiated discussions with potential new investors and processing of application for increase in authorized capital stock with the SEC to raise capital until it meets the BSP's minimum capital requirement.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured 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.

Current tax and deferred tax relating to items recognized in OCI are also recognized in OCI, and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings (Losses) Per Share

Basic earnings (losses) per share is computed by dividing net income (loss) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Group does not have any dilutive potential common shares.

Dividends on Common and Preferred Shares

Cash dividends on common and preferred shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company. Stock dividends declared by the BOD are recorded under 'Stock dividends distributable' and reclassified to common and preferred stock when the corresponding certificates of shares of stock have been issued already. Dividends declared after the reporting date are dealt with as an event after the reporting period. Dividends previously declared but remained unclaimed for more than five years by shareholders whose existence and whereabouts could not be ascertained are transferred to 'Appropriated Surplus'.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

For management purposes, the Group is organized into two main operating segments, which are the banking business and the real estate business. Each segment engages in separate business activities and the operating results are regularly reviewed by management (see Note 28).

Events After the Reporting Period

Any post-year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed in the notes when material to the financial statements.

In March 2022, the Parent Company immediately began its capital raising activities by inviting its current shareholders to a stocks rights offering. In September 2022, the Parent Company also launched a stock subscription offering to post-World War II veterans and AFP Retirees which will also be launched later on to other private investors. The Bank likewise appointed a Financial Advisor for this effort. To date, several private entities have submitted letters of intent to invest in PVB.

While primordial is to raise capital for the Parent Company, achieving operational efficiency is as important to be able to sustain profitability and essentially grow capital organically. This will be achieved by (1) optimizing the core banking system thru digital products and services and process automation; (2) maximizing earnings from excess liquidity thru its currently working investment strategies; (3) managing NPL position thru the continuing strict implementation of established policies to prevent losses; (4) optimizing income from ROPA thru the synergies with its subsidiary involved in property development; and (5) strengthening employee engagement and continuous review of its structure and competency.

Despite the Parent Company's charter (R.A. 3518, Sec. 28, R.A. 7169, Sec. 6 and R.A. No. 11597, Sec. 28) where it was declared as an Authorized Government Depository Bank (AGDB), the Department of Finance (DOF) issued Circular 002-2022, *Revised Guidelines on Authorized Government Depository Banks*, which excludes the Parent Company from the list of AGDBs. On September 8, 2022, the DOF issued Circular 003-2022, (amending Section 5.2 of the DOF Circular 002-2022) including the Parent Company as an AGDB for a period of two years from effectivity of the circular, in view of its charter. The amendment became effective on October 14, 2022.

Other than those mentioned, management is not aware of any events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) Classification of financial assets

The Group classifies its financial assets at initial recognition depending on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In performing the SPPI test, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

The Group also applies judgment in assessing the objective of a business model in which an asset is held at a portfolio level in a way that best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether the Group's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

c) *Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to financial statements cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values (see Note 5).

d) *Determination of lease term of contracts with renewal and termination options*

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

e) *Application of ECL to Loans, Financial Assets at Amortized Cost and Financial Assets at FVOCI*

The Group uses the general approach to calculate ECL for all debt instruments carried at amortized cost and FVOCI, together with loan commitments and financial guarantee contracts. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

f) *Evaluation of Business Models Applied in Managing Financial Instruments*

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely, its core deposit funding arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for trading activities consistent with its risk appetite.

The Group's business models reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belongs to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment, trading and lending strategies.

- g) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*
In determining the classification of financial assets, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows.

- h) *Distinction Between Investment Properties and Owner-occupied Properties*
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production, supply process, and in the Group's banking operation.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease) then these portions can be accounted for separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in operations or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

- i) *Capitalization of Internally Developed Software*
Distinguishing the research and development phases of a customized software project and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired. The amounts of development costs capitalized as intangible assets and research and development costs charged to profit or loss in 2022 and 2021 are disclosed in Note 12.
- j) *Distinction Between Operating and Finance Leases where the Group is the Lessor*
The Group has entered into various lease agreements as a lessor. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets or liabilities.

In determining whether the lease arrangements of the Group qualify as a finance lease, the following factors have been considered:

- (i) the lease provides the lessee an option to purchase the asset; or,
- (ii) the lease transfers ownership of the property at the end of the lease and the related lease terms approximate the estimate useful life of the asset being leased.

k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2 and relevant disclosures are presented in Note 26. In dealing with the Group's various legal proceedings, the Group's estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Group's internal and outside counsels acting in defense for the Group and the Parent Company's legal cases and are based upon the analysis of probable results.

Although the Group does not believe that its on-going proceedings, as disclosed in Note 26, will have material adverse effect on the Group's financial position, it is possible that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies conducted relating to those proceedings.

Estimates

a) Credit losses on loans and receivables

The Group reviews its loan portfolios and receivables (except for certain loans receivables as discussed in Note 2 and IBCL and accounts receivable from a thrift bank as discussed in Note 27) to assess credit losses at each reporting date with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

The measurement of credit losses requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining credit losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- the Group's internal credit grading model, which assigns PDs to the individual grades;
- the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for loans and receivables should be measured on a lifetime ECL basis and the qualitative assessment;
- the segmentation of loans and receivables when their ECL is assessed on a collective basis;
- development of ECL models, including the various formulas and the choice of inputs; and,
- determination of forward-looking macroeconomic inputs and probability-weights.

The carrying values of the Group and the Parent Company's loans and receivables are disclosed in Note 8 and the movements of the related allowance for credit losses are disclosed in Note 13.

b) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR 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 IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available.

The Group and the Parent Company’s lease liabilities amounted to ₱240.62 million and ₱269.53 million as of December 31, 2022 and 2021, respectively (see Note 20).

c) Present value of retirement liability

The present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual experience in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates, seniority, promotion and other market factors.

The present value of the Group and the Parent Company’s net retirement liability are disclosed in Note 19.

d) Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that 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 likely timing and level of future taxable profits together with future tax planning strategies. The estimates of the future taxable profits indicate that certain temporary differences will be realized in the future.

The recognized and unrecognized deferred tax assets of the Group and the Parent Company are disclosed in Note 21.

e) Impairment of non-financial assets

The Group assesses impairment on non-financial assets (bank premises, furniture, fixtures and equipment, investment properties, software costs, and investments in subsidiaries) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- significant negative industry or economic trends.

The Parent Company also assesses impairment on its investments in subsidiaries considering the same factors above.

The Group and the Parent Company recognize an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The Group and the Parent Company use the higher of value in use and fair value less costs to sell in determining the recoverable amount.

The carrying amounts of the Group and the Parent Company's bank premises, furniture, fixtures and equipment, investment properties and software costs and the Parent Company's investment in subsidiaries and the related allowance for impairment losses are disclosed in Notes 10, 11, 12 and 13, respectively.

f) Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims have been developed in consultation with outside legal counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 26).

g) Fair Value Measurement for Financial Assets at FVTPL and at FVOCI

The Group carries certain financial assets at fair value which requires judgment and extensive use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument or other more appropriated valuation techniques (see Note 5).

The amount of changes in fair value would differ if the Group had utilized different valuation methods and assumptions. Any change in fair value of the financial assets and financial liabilities would affect profit or loss or other comprehensive income.

The carrying values of the Group's and the Parent Company's trading and investment securities and the amounts of fair value changes recognized on those financial assets are disclosed in Note 5.

h) Estimation of Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Right-of-use Assets, Investment Properties, Software and Goodwill

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment, including right-of-use assets, investment properties and software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The Group's goodwill, was regarded as having indefinite useful life considering there is no foreseeable limit to the period over which such asset is expected to generate net cash inflows for the Group. The assessment of having indefinite useful life is reviewed periodically and is updated whether events and circumstances such as the period of control over the asset and legal or similar limits on the use of the asset continue to support such assessment.

The carrying amounts of bank premises, furniture, fixtures and equipment, including right-of-use assets and investment properties are analyzed in Note 10 while the carrying amounts of software and goodwill, are analyzed in Note 12. Based on management's assessment as of December 31, 2022 and 2021, there are no changes in the useful lives of these assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

4. Financial Risk and Capital Management

Introduction

The Group has exposure to the following risks from its use of financial instruments: (a) credit; (b) liquidity; (c) market; and (d) operational risks.

Risk management framework

Risk is an inherent part of the Parent Company's business activities. The Parent Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of these risks. The risk management process is an ongoing identification, measurement, monitoring or control and reporting. It is critical to the Parent Company's soundness and profitability as it is continually exposed to credit risk, liquidity risk, market risk and operational risk.

Risk identification: The Parent Company's exposure to risk through its daily business dealings, including lending, trading and capital market activities, is identified and aggregated through the Parent Company's risk management infrastructure.

Risk measurement: The Parent Company measures risk using a variety of methodologies, including calculating potential liquidity outflows and by performing sensitivity and scenario analyses ("stress testing") on strategic portfolios in the Parent Company's statements of financial position.

Risk mitigation and control: The Parent Company's risk management policies and procedures incorporate risk mitigation strategies and include approval and tolerance limits by customer, product and industry.

Risk monitoring and reporting: Risks are monitored against approval and tolerance limits on a regular basis. Compliance with set limits is reported to Senior Management, Risk Management Oversight Committee (RMOC) and BOD on a regular basis.

Risk governance

The BOD has the ultimate responsibility for understanding the nature and the level of risks taken by the Parent Company. The BOD has created various committees such as the Corporate Governance and Compliance Oversight Committee (CGCOC), Risk Management Oversight Committee (RMOC), Audit Committee (AC), and Credit Committee (CreCom) to assist in the performance of its responsibilities for the management of risk. These committees are composed of members of the BOD supported by the Compliance Division, Risk Management Division (RMD), Internal Audit Division and Credit Group.

The CGCOC is responsible for ensuring the BOD's effectiveness and due observance of the corporate governance principles and guidelines. It oversees the periodic performance evaluation of the BOD and its committees and executive management. The CGCOC also safeguards that transactions involving the Parent Company and the related parties are conducted at arm's-length basis.

The RMOC sets risk limits, policies and standards for risk identification, analysis and control especially credit, market, liquidity and operational risks. The RMOC monitors the sensitivity of the Parent Company's portfolios to changes in the market, such as price, banking regulations and the effects on the profitability of the Parent Company. It also approves and endorses to the BOD policies and procedures, loan products and lending program manuals.

The AC reviews and recommends approval to the BOD for the internal audit programs, policies and procedures and oversees proper implementation and adherence to such. The risk management system of the Parent Company is annually reviewed by the internal auditors to ensure its effectiveness and adequacy relative to the Parent Company's risk-taking activities.

The CreCom of the BOD reviews approves or endorses to the Executive Committee (ExCom) and/or to the BOD credit and credit-related proposals for approval. Guidance of the CreCom is also being sought in the formulation of policies and procedures, loan products and lending program manuals.

At the transactional level, Senior Management has created various management committees to supervise the management of the various risks of the business. The Asset and Liability Committee (ALCO) is responsible for ensuring market and liquidity risks are adequately managed both on long term and day-to-day bases. The Management Committee (ManCom) oversees and reviews management strategies and plans, products and services, operational policies and procedures. All other aspects of the business are managed as well by the ManCom to ensure that all activities are in line with the risk appetite and tolerance of the Parent Company.

Credit Risk

Credit risk is the risk of financial loss due to default of a counterparty to perform its financial obligation to the Parent Company. The Parent Company's credit risk management involves delegation of approving authorities to the various Credit Committees.

The Parent Company has developed policies and practices that are designed to preserve the independence and integrity of decision-making and ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio-review parameters and guidelines for management of distressed exposure. Credit risk is managed by the Parent Company by setting and monitoring limits for individual borrowers or counterparties, and groups of counterparties as well as periodically assessing the creditworthiness of its counterparties. In addition, the Parent Company obtains collateral where appropriate and collateral agreements with counterparties, and limits the duration of exposure.

The BOD sets credit policies and delegates credit authority limits to Management to facilitate the approval of credit transactions. The BOD likewise delegates approval limits to the CreCom and the ExCom. Board oversight function is performed by the CGCOC, the AC and the RMOC. All credit proposals prior to BOD approval or confirmation go through the scrutiny of the Credit Group, CreCom and ExCom.

The Parent Company approved an Internal Credit Risk Rating System which covers all corporate borrowers, small and medium enterprises regardless of asset size, local government borrowers, and treasury exposures.

The Parent Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. The credit grades are defined and calibrated such that the risk of default increases exponentially at each higher risk grade so, for example, the difference of PD between an AAA and AA rating grade is lower than the difference in the PD between a B and B- rating grade.

The Parent Company sets in place a large exposure monitoring tool to identify credit concentration risk per type of borrower, industry and product. Moreover, a periodic review is conducted on credit concentration on large exposures. Per BSP definition, large exposures are those credit exposures with an outstanding balance of 5.00% or more of the total qualifying capital. A limit is also applied on the maximum aggregate loan the Parent Company can expose itself vis-à-vis its total assets. It further sets a limit on the maximum capital it can utilize to cover loan exposures.

The following table shows the Parent Company's credit risk rating and credit quality, which are mapped to the S&P scale with equivalent 20 grades:

Credit Risk Rating	S&P Scale	Loan Class	Credit Quality
0	AAA	Unclassified	Excellent
1+	AA+	Unclassified	Excellent
1	AA	Unclassified	Excellent
1-	AA-	Unclassified	Strong
2+	A+	Unclassified	Strong
2	A	Unclassified	Strong
2-	A-	Unclassified	Strong
3+	BBB+	Unclassified	Satisfactory
3	BBB	Unclassified	Satisfactory
4	BBB-	Unclassified	Satisfactory
5+	BB+	Unclassified	Fair
5	BB	Unclassified	Fair
5-	BB-	Unclassified	Weak
6+	B+	Unclassified	Weak
6	B	Unclassified	Vulnerable
6-	B-	Unclassified	Vulnerable
7	CCC+	Watchlist	Vulnerable
8	CCC	Classified	Vulnerable
9	CCC- & Below	Classified	Vulnerable
10	D	Classified	Impaired

As such, the following are the definitions of each rating grade based on S&P:

S&P Rating	Description
AAA	Borrowers with extremely strong capacity to meet financial commitments
AA	Borrowers with very strong capacity to meet financial commitments
A	Borrowers with strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
BBB	Borrowers with adequate capacity to meet financial commitments, but more subject to adverse economic conditions
BB	Borrowers who are less vulnerable in the near-year term but face major ongoing uncertainties to adverse business, economic and financial conditions
B	Borrowers who are more vulnerable to adverse business, economic and financial conditions but currently have the capacity to meet financial commitments
CCC	Borrowers who are currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
D	Borrowers who have payment default on a financial commitment or breach of an imputed promise; also used when a bankruptcy petition has been filed or similar action is taken

The Parent Company's rating grade of "7" will be considered as "Watchlist", while the last 3 grades "8" to "10", represent classified accounts and will be governed by the policies on Classified accounts.

Watchlist

This represents borrowers for which unfavorable industry or company-specific risk factors represent a concern. Operating performance and financial strength may be marginal and it is uncertain whether the borrower can attract alternative sources of financing. The borrower will find it very hard to cope with any significant economic downturn and a default in such a case is more than a possibility. For this matter, borrowers under this rating grade shall require close monitoring.

Especially Mentioned

The borrower in this rating shows evidence of weakness in its financial condition or creditworthiness. There is a real risk that the borrower's ability to pay the interest and principal on time could be jeopardized. The borrower's ability or willingness to service debt is in doubt, likely causing a need to reschedule payments.

Substandard

For a 'substandard' borrower, the debt burden has become too heavy, only to be made worse by weak or negative cash flows and interest coverage. This makes the collection of principal or interest payments questionable, causing an assessment of default of up to 50.00%. Unless given closer supervision, the Parent Company will likely suffer a future loss. External factors may be causing an adverse trend, or there may be a significant weakness in the borrower's collateral. Management has an unfavorable record and lacks managerial capability.

Doubtful

The extent of probable loss cannot be exactly quantified at this time. Although the possibility of loss is significant, there may be certain important and reasonably specific pending factors that can work to the advantage and strengthening of assets. Pending factors include merger, acquisition, capital injection, and additional collateral.

Loss

This rating is given to a borrower when debt service or the prospect for re-establishment of credit worthiness and debt service is remote. This category also applies where the lender will take or has taken title to the assets of the borrower and is preparing a foreclosure and/or liquidation of the company. A full provision is made on that part of the principal which is not fully and adequately covered. While the loan covers basically worthless assets, writing off these loans is neither practical nor desirable for the Parent Company.

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 those financial assets whose carrying amounts do not reflect the said maximum exposure, is shown below (amounts in thousands):

	Consolidated			Parent Company		
	December 31, 2022					
	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk
SPURA	₱1,086,138	₱1,086,138	₱-	₱1,086,138	₱1,086,138	₱-
Loans and receivables						
Loans and discounts*						
Corporate	15,434,054	30,000	15,404,054	15,434,054	30,000	15,404,054
Pension	2,088,701	-	2,088,701	2,088,701	-	2,088,701
Purchased receivable	326,028	-	326,028	326,028	-	326,028
Mortgage and salary	4,147,347	-	4,147,347	4,096,052	-	4,096,052
	21,996,130	30,000	21,966,130	21,944,835	30,000	21,914,835
Sales contract receivable	298,291	298,291	-	253,178	253,178	-
	22,294,421	328,291	21,966,130	22,198,013	283,178	21,914,835
	₱23,380,559	₱1,414,429	₱21,966,130	₱23,284,151	₱1,369,316	₱21,914,835

*Amounts are net of Allowance for Credit Losses for loans and discounts.

	Consolidated			Parent Company		
	December 31, 2021					
	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk
SPURA	₱1,598,164	₱1,598,164	₱—	₱1,598,164	₱1,598,164	₱—
Loans and receivables*						
Loans and discounts						
Corporate	12,343,679	1,487,499	10,856,180	12,343,679	1,487,499	10,856,180
Pension	2,324,089	—	2,324,089	2,324,089	—	2,324,089
Purchased receivable	411,645	—	411,645	411,645	—	411,645
Mortgage and salary	3,332,833	1,015,759	2,317,074	3,308,559	1,010,951	2,297,608
	18,412,246	2,503,258	15,908,988	18,387,972	2,498,450	15,889,522
Sales contract receivable	313,647	313,647	—	253,613	253,613	—
	18,725,893	2,816,905	15,908,988	18,641,585	2,752,063	15,889,522
	₱20,324,057	₱4,415,069	₱15,908,988	₱20,239,749	₱4,350,227	₱15,889,522

*Amounts are net of Allowance for Credit Losses for loans and discounts.

The Group and the Parent Company do not hold collateral for cash and other cash items (excluding cash on hand), due from other banks, due from BSP, IBLR, investment securities, unquoted debt securities, accounts receivables, its related accrued interest receivables and other assets; thus carrying values represent maximum exposure to credit risk at reporting dates.

The Group and the Parent Company hold collateral against loans and receivables in the form of real estate and chattel mortgages, guarantees and other registered securities over assets. Estimates of fair value are based on the value of collateral assessed. Generally, collateral is not held over loans and advances to banks except for reverse repurchase agreements.

It is the Group's and the Parent Company's policy to dispose foreclosed properties acquired in an orderly fashion. The amount proceeds on the sale of foreclosed assets classified as 'Investment properties' or 'Other foreclosed assets' under Other Assets are used to pay or reduce the outstanding claim.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group and the Parent Company's credit and other product portfolios may also cause concentrations. Concentrations indicate the relative sensitivity of the Group and the Parent Company's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Group and the Parent Company's policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Concentration of risks of financial assets with credit risk exposure

An analysis of concentrations of credit risk at the reporting date is shown below (amounts in thousands):

Consolidated December 31, 2022				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱143,518	₱12,988,211	₱15,635,592	₱28,767,321
Community, social and personal services	6,794,289	-	-	6,794,289
Wholesale and retail trade	4,973,268	-	146,777	5,120,045
Financial intermediaries	2,552,764	1,157,539	-	3,710,303
Manufacturing (various industries)	3,515,314	-	-	3,515,314
Public administration and local government	2,602,190	-	-	2,602,190
Real estate, renting and business activities	4,295,084	-	347,834	4,642,918
Electricity, gas and water	31,337	-	388,981	420,318
Education	1,412,643	-	-	1,412,643
Agricultural, hunting and forestry	378,280	-	-	378,280
Transportation, storage and communication	89	-	-	89
Hotel and restaurants	70,379	-	-	70,379
Construction	808	-	21,369	22,177
Others	257,724	-	-	257,724
	27,027,687	14,145,750	16,540,553	57,713,990
Allowance for credit losses	(3,868,376)	(402)	-	(3,868,778)
	23,159,311	14,145,348	16,540,553	53,845,212
Contingent assets***	2,227,625	-	-	2,227,625
	₱25,386,936	₱14,145,348	₱16,540,553	₱56,072,837

Consolidated December 31, 2021				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱28,237	₱18,790,518	₱5,723,359	₱24,542,114
Community, social and personal services	8,316,354	-	-	8,316,354
Wholesale and retail trade	3,944,051	-	489,388	4,433,439
Financial intermediaries	1,761,980	901,203	-	2,663,183
Manufacturing (various industries)	3,923,813	-	-	3,923,813
Public administration and local government	2,561,941	-	-	2,561,941
Real estate, renting and business activities	1,913,954	-	661,253	2,575,207
Electricity, gas and water	41,810	-	499,927	541,737
Education	213,177	-	-	213,177
Agricultural, hunting and forestry	246,798	-	-	246,798
Transportation, storage and communication	26	-	-	26
Hotel and restaurants	186,574	-	-	186,574
Construction	184,884	-	-	184,884
Others	195,707	-	-	195,707
	23,519,306	19,691,721	7,373,927	50,584,954
Allowance for credit losses	(3,694,089)	(402)	-	(3,694,491)
	19,825,217	19,691,319	7,373,927	46,890,463
Contingent assets***	543,039	-	-	543,039
	₱20,368,256	₱19,691,319	₱7,373,927	₱47,433,502

* Comprised of due from BSP, due from other banks, and SPURA

** Comprised of debt securities at FVOCI and at amortized cost

*** Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

Parent Company December 31, 2022				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱143,518	₱12,986,437	₱5,723,359	₱18,853,314
Community, social and personal services	6,690,334	—	—	6,690,334
Wholesale and retail trade	4,969,244	—	489,388	5,458,632
Financial intermediaries	2,551,493	1,104,973	—	3,656,466
Manufacturing (various industries)	3,515,314	—	—	3,515,314
Public administration and local government	2,602,190	—	—	2,602,190
Real estate, renting and business activities	4,295,084	—	661,253	4,956,337
Electricity, gas and water	31,337	—	499,927	531,264
Agricultural, hunting and forestry	1,411,224	—	—	1,411,224
Education	378,280	—	—	378,280
Transportation, storage and communication	89	—	—	89
Hotel and restaurants	70,379	—	—	70,379
Construction	358	—	—	358
Others	254,029	—	—	254,029
	26,912,873	14,091,410	7,373,927	48,378,210
Allowance for credit losses	(3,853,818)	(402)	—	(3,854,220)
	23,059,055	14,091,008	7,373,927	44,523,990
Contingent assets***	2,227,625	—	—	2,227,625
	₱25,286,680	₱14,091,008	₱7,373,927	₱46,751,615

Parent Company December 31, 2021				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱28,237	₱18,788,705	₱5,723,359	₱24,540,301
Community, social and personal services	8,269,445	—	—	8,269,445
Wholesale and retail trade	3,944,051	—	489,388	4,433,439
Financial intermediaries	1,760,787	792,471	—	2,553,258
Manufacturing (various industries)	3,923,437	—	—	3,923,437
Public administration and local government	2,561,941	—	—	2,561,941
Real estate, renting and business activities	1,913,954	—	661,253	2,575,207
Electricity, gas and water	41,810	—	499,927	541,737
Agricultural, hunting and forestry	246,007	—	—	246,007
Education	213,177	—	—	213,177
Transportation, storage and communication	26	—	—	26
Hotel and restaurants	144,547	—	—	144,547
Construction	184,822	—	—	184,822
Others	191,369	—	—	191,369
	23,423,610	19,581,176	7,373,927	50,378,713
Allowance for credit losses	(3,681,794)	(402)	—	(3,682,196)
	19,741,816	19,580,774	7,373,927	46,696,517
Contingent assets***	543,039	—	—	543,039
	₱20,284,855	₱19,580,774	₱7,373,927	₱47,239,556

* Comprised of due from BSP, due from other banks, and SPURA

** Comprised of debt securities at FVOCI and at amortized cost

*** Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

Credit quality of financial assets

The following tables set out information about the credit quality of loans and receivables and other financial assets as of December 31, 2022 and 2021 (amounts in thousands):

Treasury financial assets

	December 31, 2022							
	Consolidated				Parent Company			
	Satisfactory	Fair	Unrated	Total	Satisfactory	Fair	Unrated	Total
Due from BSP	₱11,902,072	₱-	₱-	₱11,902,072	₱17,190,543	₱-	₱-	₱11,900,299
Due from other banks	-	-	1,157,136	1,157,136	-	-	1,104,571	1,104,571
SPURA	1,086,138	-	-	1,086,138	1,086,138	-	-	1,086,138
Debt securities at FVOCI	5,370,685	-	-	5,370,685	5,370,685	-	-	5,370,685
Debt securities at amortized cost	11,169,868	-	-	11,169,868	11,169,868	-	-	11,169,868
	₱29,528,763	₱-	₱1,157,136	₱30,685,899	₱34,817,234	₱-	₱1,104,571	₱30,631,561

	December 31, 2021							
	Consolidated				Parent Company			
	Satisfactory	Fair	Unrated	Total	Satisfactory	Fair	Unrated	Total
Due from BSP	₱17,192,355	₱-	₱-	₱17,192,355	₱17,190,543	₱-	₱-	₱17,190,543
Due from other banks	-	-	901,203	901,203	-	-	792,471	792,471
SPURA	1,598,164	-	-	1,598,164	1,598,164	-	-	1,598,164
Debt securities at FVOCI	3,699,310	-	-	3,699,310	3,699,310	-	-	3,699,310
Debt securities at amortized cost	3,674,617	-	-	3,674,617	3,674,617	-	-	3,674,617
	₱26,164,446	₱-	₱901,203	₱27,065,649	₱26,162,634	₱-	₱792,471	₱26,955,105

All treasury financial assets are classified under Stage 1. There were no transfers between stages during the year.

Loans and discounts

	December 31, 2022							
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate								
Satisfactory	₱1,721,262	₱-	₱-	₱1,721,262	₱1,721,262	₱-	₱-	₱1,721,262
Fair	2,772,996	-	-	2,772,996	2,772,996	-	-	2,772,996
Weak	6,071,233	-	-	6,071,233	6,071,233	-	-	6,071,233
Vulnerable	1,453,013	235,827	3,023,821	4,712,661	1,453,013	235,827	3,023,821	4,712,661
Impaired	-	-	2,102,667	2,102,667	-	-	2,102,667	2,102,667
Unrated	301,562	-	57,748	359,310	301,562	-	57,748	359,310
	12,320,066	235,827	5,184,236	17,740,129	12,320,066	235,827	5,184,236	17,740,129
Pension								
Unrated	1,787,925	23,477	557,800	2,369,202	1,787,925	23,477	557,800	2,369,202
Purchased receivables								
Unrated	162	151,897	584,954	737,013	162	151,897	584,954	737,013
Mortgage and salary								
Satisfactory	46,857	-	3,486	50,343	-	-	-	-
Impaired	-	-	2,638	2,638	-	-	2,638	2,638
Unrated	3,908,502	124,369	124,110	4,156,981	3,903,850	124,369	123,058	4,151,277
	3,955,359	124,369	130,234	4,209,962	3,903,850	124,369	125,696	4,153,915
Total loans and discounts								
Satisfactory	1,768,119	-	3,486	1,771,605	1,721,262	-	-	1,721,262
Fair	2,772,996	-	-	2,772,996	2,772,996	-	-	2,772,996
Weak	6,071,233	-	-	6,071,233	6,071,233	-	-	6,071,233
Vulnerable	1,453,013	235,827	3,023,821	4,712,661	1,453,013	235,827	3,023,821	4,712,661
Impaired	-	-	2,105,305	2,105,305	-	-	2,105,305	2,105,305
Unrated	5,998,151	299,743	1,324,612	7,622,506	5,993,499	299,743	1,323,560	7,616,802
	₱18,063,512	₱535,570	₱6,457,224	₱25,056,306	₱18,012,003	₱535,570	₱6,452,686	₱25,000,259

	December 31, 2021							
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate								
Satisfactory	¥1,723,101	¥—	¥—	¥1,723,101	¥1,723,101	¥—	¥—	¥1,723,101
Fair	1,371,120	—	—	1,371,120	1,371,120	—	—	1,371,120
Weak	3,990,365	—	308,158	4,298,523	3,990,365	—	308,158	4,298,523
Vulnerable	1,499,879	526,504	3,834,315	5,860,698	1,499,879	526,504	3,834,315	5,860,698
Impaired	—	—	1,150,315	1,150,315	—	—	1,150,315	1,150,315
Unrated	24,593	—	—	24,593	24,593	—	—	24,593
	8,609,058	526,504	5,292,788	14,428,350	8,609,058	526,504	5,292,788	14,428,350
Pension								
Unrated	2,071,964	19,444	488,452	2,579,860	2,071,964	19,444	488,452	2,579,860
Purchased receivables								
Unrated	144,682	111,798	669,653	926,133	144,682	111,798	669,653	926,133
Mortgage and salary								
Impaired	—	—	19,960	19,960	—	—	16,316	16,316
Unrated	3,119,366	145,500	148,771	3,413,637	3,096,263	145,500	148,756	3,390,519
	3,119,366	145,500	168,731	3,433,597	3,096,263	145,500	165,072	3,406,835
Total loans and discounts								
Satisfactory	1,746,219	—	—	1,746,219	1,723,101	—	—	1,723,101
Fair	1,371,120	—	—	1,371,120	1,371,120	—	—	1,371,120
Weak	3,990,365	—	308,158	4,298,523	3,990,365	—	308,158	4,298,523
Vulnerable	1,499,879	526,504	3,834,315	5,860,698	1,499,879	526,504	3,834,315	5,860,698
Impaired	—	—	1,170,275	1,170,275	—	—	1,166,631	1,166,631
Unrated	5,337,487	276,742	1,306,876	6,921,105	5,337,503	276,742	1,306,860	6,921,105
	¥13,945,070	¥803,246	¥6,619,624	¥21,367,940	¥13,921,968	¥803,246	¥6,615,964	¥21,341,178

Other risk assets

	December 31, 2022							
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Unquoted debt securities								
Satisfactory	¥51,323	¥—	¥—	¥51,323	¥51,324	¥—	¥—	¥51,324
Sales contract receivable								
Unrated	292,062	—	8,260	300,322	246,949	—	8,260	¥255,209
Accrued interest receivable								
Satisfactory	1,459	—	4	1,463	1,353	—	—	1,353
Fair	11,591	—	1,459	13,050	11,591	—	1,459	13,050
Weak	29,399	—	—	29,399	29,399	—	—	29,399
Vulnerable	7,221	—	9,391	16,612	7,221	—	9,391	16,612
Impaired	—	—	12,445	12,445	—	—	12,445	12,445
Unrated	318,512	5,904	25,977	350,393	316,902	4,307	21,272	342,481
	368,182	5,904	49,276	423,362	366,466	4,307	44,567	415,340
	¥711,567	¥5,904	¥57,536	¥775,007	¥664,739	¥4,307	¥52,827	¥721,873
Contingent assets*								
Unrated	¥2,227,625	¥—	¥—	¥2,227,625	¥2,227,625	¥—	¥—	¥2,227,625

* Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

	December 31, 2021							
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Unquoted debt securities								
Satisfactory	¥154,872	¥—	¥—	¥154,872	¥154,872	¥—	¥—	¥154,872
Sales contract receivable								
Unrated	300,656	13,412	1,525	315,593	240,621	13,412	1,525	255,558
Accrued interest receivable								
Satisfactory	42,453	—	—	42,453	42,415	—	—	42,415
Fair	3,784	—	—	3,784	3,784	—	—	3,784
Weak	21,193	—	10,157	31,350	21,193	—	10,157	31,350
Vulnerable	4,397	2,200	37,226	43,823	4,397	2,200	37,226	43,823
Impaired	—	—	550	550	—	—	550	550
Unrated	239,107	39,830	10,046	288,983	235,150	39,830	7,393	282,373
	310,934	42,030	57,979	410,943	306,939	42,030	55,326	404,295
	¥766,462	¥55,442	¥59,504	¥881,408	¥702,432	¥55,442	¥56,851	¥814,725
Contingent assets*								
Unrated	¥543,039	¥—	¥—	¥543,039	¥543,039	¥—	¥—	¥543,039

* Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

The Group's and the Parent Company's accounts receivable and other receivables are unrated. The related ECLs are determined using a provisioning matrix (see Note 13).

Restructured loans

As of December 31, 2022 and 2021, breakdown of restructured loans for the Group and the Parent Company is as follows (amounts in thousands):

	2022	2021
Corporate	₱3,685,608	₱4,047,114
Individual	216,943	44,523
	3,902,551	4,091,637
Allowance for credit losses	(1,105,940)	(663,081)
	₱2,796,611	₱3,428,556

NAGON has no restructured loans as of December 31, 2022 and 2021.

Liquidity Risk

The objective of liquidity risk management is to ensure that all maturing obligations and commitments of the Group inclusive of all off-balance sheet deliverables will be paid fully and promptly. Liquidity risk is therefore the risk that the Group will be unable to meet financial commitment to a customer and/or counterparties in any location, in any currency, at any time. Remaining liquid then is a precondition for achieving all the Group's business objectives.

The ALCO oversees the liquidity risk management of the Parent Company but business units are expected to manage their respective books. It ensures that the Group maintains sufficient and adequate liquidity at all times. In the Parent Company, the Treasury Group estimates its liquidity needs/requirements based on the Group's actual contractual obligations including projected cash flows for a certain period. Likewise, it executes the funding and liquidity plan after the business strategies of each business unit are approved and consolidated.

The Parent Company manages liquidity risk through the funding and liquidity planning, diversification of funding sources and contingency plans. The RMD prepares the Maximum Cumulative Outflow (MCO) report on a regular basis under normal business conditions and performs sensitivity analysis using stress parameters. The liquidity gap report or MCO report shows the mismatch in maturities of sources and uses in the financial position. Assets and liabilities are plotted based on maturity and/or behavioral profile in different tenor buckets. Cumulative gaps are computed through the different tenor buckets. An MCO limit is placed based on the projected statements of financial position growth and the Parent Company's funding capacity. On the other hand, the Treasury Group ensures that sufficient and adequate liquid assets are available. The Group likewise prepares Liquidity Contingency Plan on a regular basis.

Financial assets

Analysis of equity and debt securities at fair value into maturity groupings is based on the expected date on which these assets will be realized. 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.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The table below summarizes the maturity profile of financial instruments based on contractual undiscounted cash flows (amounts in thousands):

	2022					Total
	Consolidated					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	
Financial assets						
Cash and other cash items	₱934,496	₱—	₱—	₱—	₱—	₱934,496
Financial assets at FVTPL	—	—	—	—	104,907	104,907
Financial assets at FVOCI						
Debt securities						
Government	—	74,173	—	4,574,112	97,289	4,745,574
Private	—	55,122	478,334	91,655	—	625,111
Equity securities						
Quoted	—	—	—	—	83,644	83,644
Unquoted	—	—	—	—	101,696	101,696
Financial assets at amortized cost						
Due from BSP	6,997,072	4,905,000	—	—	—	11,902,072
Due from other banks	1,157,136	—	—	—	—	1,157,136
SPURA	—	1,086,138	—	—	—	1,086,138
Debt securities measured at amortized cost						
Government	—	—	200,672	7,857,314	2,832,032	10,890,018
Private	—	—	196,751	83,099	—	279,850
Loans and discounts						
Corporate	2,705,143	6,259,874	2,513,014	3,137,925	4,994,897	19,610,853
Pension	299,000	49,888	162,857	1,847,004	47,705	2,406,454
Purchased receivable	240,967	40	—	—	—	241,007
Mortgage and salary	49,782	10,818	290,115	1,776,539	4,522,450	6,649,704
Unquoted debt securities	—	—	51,324	—	—	51,324
Accounts receivable	63,807	5,843	1,583	4,003	1,126,858	1,202,094
Accrued interest receivable	97,556	325,806	—	—	—	423,362
Sales contract receivable	—	166,875	22,805	74,169	36,473	300,322
	₱12,544,959	₱12,939,577	₱3,917,455	₱19,445,820	₱13,947,951	₱62,795,762

	2022					Total
	Consolidated					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	
Financial liabilities						
Deposit liabilities						
Demand	₱38,434,886	₱—	₱—	₱—	₱—	₱38,434,886
Savings	13,606,901	—	—	—	—	13,606,901
Time	220,234	1,103,378	310,794	2,760,573	—	4,394,979
	52,262,021	1,103,378	310,794	2,760,573	—	56,436,766
Loans payable	—	—	—	—	—	—
Manager's checks	57,867	—	—	—	—	57,867
Accrued interest	55,878	—	—	—	—	55,878
Accrued other expenses*	238,642	—	—	—	—	238,642
Other liabilities*	166,707	2,789	12,549	27,722	472,343	682,110
	₱52,781,115	₱1,106,167	₱323,343	₱2,788,295	₱472,343	₱57,471,263

*Excludes statutory liabilities

	2021					
	Consolidated					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial assets						
Cash and other cash items	₱982,683	₱—	₱—	₱—	₱—	₱982,683
Financial assets at FVTPL	—	3,373	18,806	54,752	275,332	352,263
Financial assets at FVOCI						
Debt securities						
Government	—	46,513	368,594	1,681,200	—	2,096,307
Private	—	13,734	399,414	1,247,488	82,652	1,743,288
Equity securities						
Quoted	—	—	—	—	68,618	68,618
Unquoted	—	—	—	—	89,558	89,558
Financial assets at amortized cost						
Due from BSP	5,935,930	11,259,951	—	—	—	17,195,881
Due from other banks	974,704	—	—	—	—	974,704
SPURA	—	1,598,521	—	—	—	1,598,521
Debt securities measured at amortized cost						
Government	—	—	1,164,738	686,696	2,931,371	4,782,805

(Forward)

2021						
Consolidated						
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Loans and discounts						
Corporate	1,233,971	2,967,303	1,238,274	1,752,673	7,328,401	14,520,622
Pension	8,102	25,134	310,950	3,213,272	308,714	3,866,172
Purchased receivable	22,558	77,149	330,308	20	580,798	1,010,833
Mortgage and salary	2,944	31,287	414,439	1,784,753	3,414,052	5,647,475
Unquoted debt securities	—	83	261	154,528	—	154,872
Accounts receivable	169,296	4,742	3,230	4,156	180,628	362,052
Accrued interest receivable	26,374	384,569	—	—	—	410,943
Sales contract receivable	76,725	1,343	26	177,501	59,998	315,593
Other receivables	—	—	—	—	5,498	5,498
	₱9,433,287	₱16,413,702	₱4,249,040	₱10,757,039	₱15,325,620	₱56,178,688
Financial liabilities						
Deposit liabilities						
Demand	₱31,598,604	₱—	₱—	₱—	₱—	₱31,598,604
Savings	9,031,746	4,807,324	39,880	—	—	13,878,950
Time	112,959	594,359	245,765	2,618,306	6,946	3,578,335
	40,743,309	5,401,683	285,645	2,618,306	6,946	49,055,889
Loans Payable	—	—	10,940	—	—	10,940
Manager's checks	48,663	—	—	—	—	48,663
Accrued interest	55,471	—	—	—	—	55,471
Accrued other expenses*	—	272,556	—	—	—	272,556
Other liabilities*	62,532	81,962	20,107	27,539	423,858	615,998
	₱40,909,975	₱5,756,201	₱316,692	₱2,645,845	₱430,804	₱50,059,517

*Excludes statutory liabilities

2022						
Parent Company						
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial assets						
Cash and other cash items	₱933,329	₱—	₱—	₱—	₱—	₱933,329
Financial assets at FVTPL	—	—	—	—	104,907	104,907
Financial assets at FVOCI						
Debt securities						
Government	—	74,173	—	4,574,112	97,289	4,745,574
Private	—	55,122	478,334	91,655	—	625,111
Equity securities						
Quoted	—	—	—	—	83,644	83,644
Unquoted	—	—	—	—	101,696	101,696
Financial assets at amortized cost						
Due from BSP	6,995,299	4,905,000	—	—	—	11,900,299
Due from other banks	1,104,571	—	—	—	—	1,104,571
SPURA	—	1,086,138	—	—	—	1,086,138
Debt securities measured at amortized cost						
Government	—	—	200,672	7,857,314	2,832,032	10,890,018
Private	—	—	196,751	83,099	—	279,850
Loans and discounts						
Corporate	2,705,143	6,259,874	2,513,014	3,137,925	4,994,897	19,610,853
Pension	299,000	49,888	162,857	1,847,004	47,705	2,406,454
Purchased receivable	240,967	40	—	—	—	241,007
Mortgage and salary	47,921	9,391	283,535	1,730,362	4,522,450	6,593,659
Unquoted debt securities	—	—	51,324	—	—	51,324
Accounts receivable	63,459	2,163	493	1,000	1,123,744	1,190,859
Accrued interest receivable	96,479	318,861	—	—	—	415,340
Sales contract receivable	—	156,113	21,757	72,585	4,756	255,211
	₱12,486,168	₱12,916,763	₱3,908,737	₱19,395,056	₱13,913,120	₱62,619,844
Financial liabilities						
Deposit liabilities						
Demand	₱38,499,871	₱—	₱—	₱—	₱—	₱38,499,871
Savings	13,550,643	—	—	—	—	13,550,643
Time	220,221	1,103,365	310,794	2,757,981	—	4,392,361
	52,270,735	1,103,365	310,794	2,757,981	—	56,442,875
Manager's checks	57,867	—	—	—	—	57,867
Accrued interest	55,721	—	—	—	—	55,721
Accrued other expenses*	234,847	—	—	—	—	234,847
Other liabilities*	2,789	12,513	17,720	478,228	—	511,250
	₱52,621,959	₱1,115,878	₱328,514	₱3,236,209	₱—	₱57,302,560

*Excludes statutory liabilities

2021						
	Parent Company					Total
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	
Financial assets						
Cash and other cash items	₱981,669	₱—	₱—	₱—	₱—	₱981,669
Financial assets at FVTPL	—	3,373	18,806	54,752	275,332	352,263
Financial assets at FVOCI						
Debt securities						
Government	—	46,513	368,594	1,681,200	—	2,096,307
Private	—	13,734	399,414	1,247,488	82,652	1,743,288
Equity securities						
Quoted	—	—	—	—	68,618	68,618
Unquoted	—	—	—	—	89,558	89,558
Financial assets at amortized cost						
Due from BSP	5,934,117	11,259,951	—	—	—	17,194,068
Due from other banks	792,072	—	—	—	—	792,072
SPURA	—	1,598,521	—	—	—	1,598,521
Debt securities measured at amortized cost						
Government	—	—	1,164,738	686,696	2,931,371	4,782,805
Loans and discounts						
Corporate	1,233,971	2,967,303	1,238,274	1,752,673	7,328,401	14,520,622
Pension	8,102	25,134	310,950	3,213,272	308,714	3,866,172
Purchased receivable	22,558	77,149	330,308	20	580,798	1,010,833
Mortgage and salary	2,944	31,287	414,439	1,784,753	3,410,385	5,643,808
Unquoted debt securities	—	83	261	154,528	—	154,872
Accounts receivable	152,552	4,296	2,529	3,944	180,280	343,601
Accrued interest receivable	26,542	377,753	—	—	—	404,295
Sales contract receivable	76,724	1,308	26	177,501	—	255,559
Other receivables	—	—	—	—	5,498	5,498
	₱9,231,251	₱16,406,405	₱4,248,339	₱10,756,827	₱15,261,607	₱55,904,429
Financial liabilities						
Deposit liabilities						
Demand	₱31,673,102	₱—	₱—	₱—	₱—	₱31,673,102
Savings	8,973,516	4,807,324	39,880	—	—	13,820,720
Time	112,945	594,343	245,765	2,587,186	6,946	3,547,185
	40,759,563	5,401,667	285,645	2,587,186	6,946	49,041,007
Loans Payable	—	—	—	—	—	—
Manager's checks	48,663	—	—	—	—	48,663
Accrued interest	55,394	—	—	—	—	55,394
Accrued other expenses*	—	268,685	—	—	—	268,685
Other liabilities*	62,391	81,962	20,107	26,895	420,702	612,057
	₱40,926,011	₱5,752,314	₱305,752	₱2,614,081	₱427,648	₱50,025,806

*Excludes statutory liabilities

Historically, not all deposit liabilities are withdrawn on their contractual maturities. Based on the historically observed behavior of the Parent Company's deposit liabilities, a significant amount of deposits is retained longer than its contractual maturity. This therefore allows the Parent Company to go into long-term investment and lending activities which streams of cash flows are sufficient enough to cover cash outflow requirements.

Under normal conditions, the Parent Company periodically tests its ability to draw on the identified sources to backup liquidity requirement. In addition, stress tests are conducted on a periodic basis in order to assess the Parent Company's ability to meet its liquidity obligations during a liquidity crisis. Stress testing may be in the form of simple sensitivity or scenario analysis. It is an important tool used to measure the outcome of certain extreme events to the Parent Company's liquidity position. More importantly, stress testing results help plan for a liquidity crisis. To counter a severe liquidity problem, the Parent Company puts in place a liquidity contingency plan. Depending on the severity of the liquidity problem, the Parent Company may choose or use one or more of liquidity funding sources.

Diversification of funding sources is important in managing liquidity risk, specifically funding liquidity needs. Diversification of funds sources means that the Parent Company takes liquidity from as many different types of customers in as many different sources as possible. It also means having many types of instruments from which funds can be drawn. By offering different instruments, there is a better chance of getting more funds from the same customer. Even though achieving liquidity through instrument diversification has a cost, the Parent Company nevertheless avoids the danger of using only one type of instrument to draw money from the same source.

Any sudden swing in interest rates may entice customers/investors to shift funds to higher yielding instruments. For this reason, the Parent Company offers several deposit instruments whose yields are market competitive. However, in order that there is no over dependence on high yielding deposit funds, tolerance limits are set for interbank borrowings and large fund provider accounts. These limits are reviewed annually.

BSP reporting for liquidity positions

Liquidity Coverage Ratio (LCR)

The purpose of this ratio is to promote short-term resiliency for the bank's liquidity risk profile. An adequate unencumbered high-quality liquid assets (HQLAs) shall be maintained over a 30-calendar day horizon. The value of this ratio should be no lower than 100% on a daily basis. LCR as of December 31, 2022 and 2021 for the Group and Parent are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Total Stock of High-Quality Liquid Assets	₱26,301	₱26,234	₱26,299	₱26,231
Total Net Cash Outflows	11,990	10,164	12,045	10,333
Liquidity Coverage Ratio	219.36%	258.10%	218.34%	253.86%

Net Stable Funding Ratio (NSFR)

As compared to LCR which promotes short-term resiliency for Bank's liquidity profile, NSFR promotes resiliency for long-term resilience. The minimum requirement for this ratio is at least 100% at all times. NSFR as of December 31, 2022 and 2021 for the Group and Parent are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Available Stable Funding	₱34,117	₱30,717	₱34,105	₱30,696
Required Stable Funding	24,982	20,374	25,117	20,377
Net Stable Funding Ratio	1.37	1.51	1.36	1.51

Market Risk

Market risk is the potential decline in earnings, either immediately or over time, as a result of changes in the level or volatility of interest rates, foreign exchange rates or commodities or equity prices. The Parent Company's market risk emanates from various financial instruments traded and or held by its business units. The ALCO is the decision-making body to manage market risk related matters. It is supported by the RMD through its systematic process of identifying, measuring, reporting and monitoring of market risk. The RMD is an oversight unit of the Parent Company that measures market risks and reports results directly to the RMOC. Measurement of market risk is done using the Earnings-at-Risk (EaR) methodologies.

The Parent Company adopted the Standardized Approach set by the BSP in calculating capital adequacy covering market risk. The standardized approach employs standard risk weights for both the general and specific market risks. The general market risk classifies market risk according to coupon rate and the tenor of instruments while specific market risk classifies market risk based on the nature or type of security/instrument.

Moreover, as a control measure for losses in the trading activities that may arise, market risk limits are put in place such as volume or position limits and stop loss limits. Nominal Position Limit is the maximum amount of open positions that can be held within a set time period for each exposure of the Parent Company. It is a pre-determined position level set by the Management and approved by the BOD for a specific instrument. Position limits are set for fixed income instruments and for foreign exchange positions of the Parent Company.

The method by which the Parent Company measures the potential effect of interest rate fluctuation to its assets and liabilities or net interest earnings is by way of EaR measurement. EaR measures the Parent Company's susceptibility to changes in interest rates. It calculates the change in income over the next 12 months, given current exposures that will result from a management-selected and approved change in interest rate. The Parent Company computes for the EaR for Peso and FCDU books separately.

To compute for the EaR, a repricing gap must first be created. Rate sensitive assets and liabilities are distributed into predetermined time bands or according to their repricing dates or maturity dates or assumed behavior of payouts or liquidation. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. On the other hand, a gap is considered negative when the amount of interest rate-sensitive liabilities exceeds the amount of interest rate-sensitive assets.

The EaR is computed based on the resultant gaps in each tenor bucket and the gap is multiplied by the year-on-year change in interest rate.

Below is the repricing gap of interest sensitive assets and liabilities as of December 31, 2022 and 2021 (amounts in thousands):

PESO BOOKS	December 31, 2022					Total
	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	
Assets						
Cash in vault	₱—	₱—	₱—	₱—	₱—	₱—
Loans and receivables	3,297,468	4,019,353	1,324,508	1,167,905	9,243,943	19,053,177
Due from BSP	—	—	—	—	—	—
Due from other banks	543,072	—	—	—	5	543,077
Investment securities*	—	99,761	439,214	517,158	15,532,859	16,588,991
	3,840,539	4,119,114	1,763,722	1,685,063	24,776,807	36,185,245
Liabilities						
Deposit liabilities	47,287,394	4,799,431	835,592	172,938	2,549,121	55,644,475
Repricing gap	(₱43,446,855)	(₱4,548,426)	₱3,114,425	(₱4,591,402)	(₱13,462,111)	(₱23,954,913)
EaR (2.326SD)	(₱9,166,114)	(₱718,223)	₱299,383	(₱66,974)	—	—
EaR Cumulative	(9,166,114)	(9,884,337)	(9,584,954)	(9,651,927)	—	—

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

PESO BOOKS	December 31, 2021					Total
	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	
Assets						
Cash in vault	₱—	₱—	₱—	₱—	₱—	₱—
Loans and receivables	2,508,677	2,197,657	1,697,249	1,236,308	8,905,902	16,545,793
Due from BSP	—	—	—	—	—	—
Due from other banks	279,396	—	—	—	5	279,401
Investment securities*	161	33,044	1,339,145	426,989	5,735,040	7,534,379
	2,788,234	2,230,701	3,036,394	1,663,297	14,640,947	24,359,573
Liabilities						
Deposit liabilities	42,600,322	3,065,289	49,839	206,081	2,302,643	48,224,175
Repricing gap	(₱39,812,088)	(₱834,588)	₱2,986,555	₱1,457,216	₱12,338,304	(₱23,864,601)
EaR (2.326SD)	(₱774,626)	(₱132,757)	₱63,407	(₱15,829)	—	—
EaR Cumulative	(774,626)	(907,384)	(843,977)	(859,805)	—	—

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

In a declining interest rate scenario, a positive repricing gap position would normally yield to a decrease in earnings due to lower interest income. The first month in 2021 is projected to be in a substantial negative repricing gap, similar with the previous year. Hence, a decline in interest rates may result in a projected EaR of ₱0.775 billion. This is because bulk of the deposit liabilities, specifically non-core demand and savings deposits, were lodged in the first bucket as Basel prescribed. Thus, when subjected to a sustained decreasing rate, the potential EaR may yet reduce to ₱0.860 billion at the end of the first year in 2021. On the other hand, if interest rates will increase at the same confidence interval, the Parent Company may gain interest income by as much as ₱0.860 billion within the same period in 2021.

December 31, 2022						
FCDU BOOKS	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	Total
Assets						
Placement with other banks	\$10,078	\$-	\$-	\$-	\$-	\$10,078
Liabilities						
Deposit liabilities	\$1,212	\$4,412	\$256	\$4,106	-	\$9,987
Repricing gap	\$8,866	-\$4,412	-\$256	-\$4,106	\$-	\$91
EaR (2.326SD)	\$578	(\$181)	(\$6)	(\$15)		
EaR Cumulative	\$578	\$396	\$391	\$376		

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

December 31, 2021						
FCDU BOOKS	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	Total
Assets						
Placement with other banks	\$8,394	\$-	\$-	\$-	\$-	\$8,394
Liabilities						
Deposit liabilities	7,058	2,668	337	150	-	10,213
Repricing gap	\$1,336	(\$2,668)	(\$337)	(\$150)	\$-	(\$1,819)
EaR (2.326SD)	\$46	(\$78)	(\$7)	(\$1)		
EaR Cumulative	46	(32)	(39)	(40)		

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

For the year 2022, positive repricing gap is noted on the first month bucket with an EAR of \$578 thousand. Negative repricing gap is noted in the succeeding buckets with total EAR of \$202 thousand.

The FCDU Books in 2021 positive repricing gap is also noted on the first month bucket with an EAR of \$46 thousand. Negative repricing gap is noted in the 2-3month to >1year buckets with total EAR of \$86 thousand.

Sensitivity analysis on unrealized gains (losses)

The following table sets forth the sensitivity of the Parent Company's profit or loss and other comprehensive income to reasonably possible changes in interest rates with all other variables held constant (amount in thousands):

	2022		2021	
Changes in interest rates (in basis points)	+100	-100	+100	-100
Net unrealized gains (losses) on investment securities				
Financial assets at FVTPL	-	-	₱89	₱12,394
Total impact on profit or loss	-	-	₱89	₱12,394
Financial assets at FVOCI	(₱297,424)	(₱19,708)	(₱36,198)	₱61,305
Total impact on other comprehensive income	(₱297,424)	(₱19,708)	(₱36,198)	₱61,305

The sensitivity is calculated by revaluing financial assets at FVPL and at FVOCI at the reporting date for the effects of the assumed changes in interest rates.

Capital Management

The objective of the Parent Company's capital management framework is to ensure that there is sufficient capital to support the underlying risks of its business activities and to maintain an adequately capitalized status under regulatory requirements. The sufficiency of capital is measured using the rules and ratios established by the BSP.

The determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) as reported to the BSP, determined on the basis of regulatory accounting policies which differ from PFRS in some respects. In addition, the risk-based Capital Adequacy Ratio (CAR) of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00%. Qualifying capital and risk-weighted assets are computed based on BSP regulations, which differ from PFRS in some respects.

Under existing BSP regulations, in accordance with the Basel III standards, a minimum Common Equity Tier 1 (CET1) ratio of 6.00%, Tier 1 capital ratio of 7.50%, and a capital conservation buffer of 2.50% comprised of CET1 capital shall be maintained at all times. Also, the combined capital accounts of the Parent Company should not be less than an amount equal to 10.00% of its risk assets. Risk 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 as determined by the MB of the BSP.

On April 10, 2013, the BOD approved the exclusion of Appropriated surplus in the calculation of the Parent Company's 'unimpaired capital' for the Parent Company's subsequent reporting to the BSP, as also discussed in Note 18.

BSP also requires banks to implement an Internal Capital Adequacy Assessment Process (ICAAP) which supplements the BSP's risk-based capital adequacy framework. Accordingly, the policies and processes guiding the determination of the sufficiency of capital of the Parent Company have been incorporated to the Parent Company's ICAAP to comply with the requirements of the BSP. In June 2021, the Parent Company submitted its most recent ICAAP for the five-year period 2021 to 2025. The plan was based on both the BOD-approved strategic plan as well as capital build-up plan (CBUP). The Parent Company is presently performing its ICAAP exercise for the five-year period, 2022 to 2026 for which report shall be submitted to the BSP in June 2022.

BSP regulations also set out the minimum capital required for licensed commercial banks with 11 to 100 branches which is ₱10.00 billion, subject to a transitory provision allowing existing banks a period of five years from November 19, 2014 within which to meet the required minimum capitalization. Banks not meeting the required minimum capital shall develop a capital build-up program for submission to the BSP. Pursuant to this BSP regulation, the Parent Company developed its CBUP in 2016 covering years 2016 to 2020 (the 2016 CBUP), which was approved by the Monetary Board (MB) of the BSP in June 2016. The MB also approved the grant of regulatory relief to the Parent Company in the form of exemption from compliance from the minimum capital requirements under the MORB, subject to compliance with the minimum CAR of 10% and approved capital levels under the 2016 CBUP.

The 2016 CBUP is based solely on internal sources or earnings as the source of capital growth. However, recognizing the delay in attaining the required capital through earnings, in April 2017, the Parent Company began to develop a capital raising program intended to accelerate capital build-up towards the capital commitments under the 2016 CBUP. In January 2018, the Parent Company completed and submitted to the BSP a revised capital build-up plan (2018 CBUP) that incorporated its capital raising program, particularly two tranches of capital raising activities, as a new source of equity. In October 2018, the Parent Company commenced a series of capital raising initiatives with the tranche of stock rights offering to existing stockholders of the Parent Company involving 21,800,000 common shares from the unissued portion of the Parent Company's authorized capital and treasury shares (see Note 18).

In December 2018, the Parent Company submitted to BSP its updated capital build-up plan (the 2019 CBUP) in order to incorporate developments in the capital raising program, as well as to consider the impact of the Parent Company's strategic plan for years 2019 to 2023. In line with the comments received from the BSP, a revised CBUP was submitted in July 2019 which was approved by the BSP under MB resolution dated October 3, 2019 and provides the following minimum capital:

	2019	2020	2021	2022	2023
Adjusted capital (in ₱ million)	₱3,172	₱4,883	₱7,740	₱10,424	₱11,459

In 2019, the Parent Company was able to post the highest net income of ₱583.15 million in its history after reporting net losses for four (4) straight years. Further, the approved commitments under the CBUP covering the year 2019 on CAR and adjusted capital were also achieved. The subsequent years however saw the tremendous challenges brought about by the global COVID-19 pandemic, including the inability to deploy its liquid assets to higher yielding loans coupled with the difficult business environment adversely affecting many of its clients. These led to net losses in 2020 and 2021.

The CAR as of December 31, 2022 and 2021 presented below excludes the Appropriated surplus i.e., deducted from regulatory capital, as discussed in Note 18 (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Tier 1 Capital (a)	₱444	₱451	₱471	₱478
Common Equity Tier 1 (CET1) Capital (b)	83	90	110	117
Additional Tier 1 Capital	361	361	361	361
Tier 2 Capital	177	134	177	134
Total Qualifying Capital (c)	₱621	₱585	₱648	₱612
Total Credit Risk-Weighted Assets	₱29,938	₱24,321	₱29,731	₱24,120
Total Market Risk-Weighted Assets	93	49	93	49
Total Operational Risk-Weighted Assets	4,678	4,879	4,676	4,875
Total Risk-Weighted Assets (d)	₱34,709	₱29,249	₱34,500	₱29,044

	Consolidated		Parent Company	
	2022	2021	2022	2021
Common Equity Tier 1 Ratio (b)/(d)	0.24%	0.31%	0.32%	0.40%
Tier 1 Capital Ratio (a)/(d)	1.28%	1.54%	1.37%	1.65%
Capital Adequacy Ratio (c)/(d)	1.79%	2.00%	1.88%	2.11%

The unamortized portion of the allowance on the IBCL and accounts receivable from a thrift bank amounting to ₱0.91 billion and ₱1.07 billion as of December 31, 2022 and 2021, respectively, is not deducted from the qualifying capital in computing for the Parent Company's CAR, since the BSP granted regulatory relief to the Parent Company to defer the recognition of the allowance for impairment and credit losses over 20 years (see Note 27).

BSP also requires the Basel III Leverage Ratio (BLR) which is a supplementary measure to risk-based capital requirement where the numerator is the tier 1 Capital and the denominator is the exposure measure. The ratio requirement for BLR is 5%. BLR as reported to the BSP as of December 31, 2022 and 2021 for the Group and Parent are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Total Capital Measure	₱444	₱452	₱472	₱478
Total Exposure Measure	59,953	51,599	59,921	51,558
Basel Leverage Ratio	0.74%	0.88%	0.79%	0.93%

As disclosed in Note 2, on April 26, 2021, the BSP approved the request of the Parent Company's availment of regulatory relief provided for under BSP Memorandum M-2020-061. The regulatory relief provided pertains to the staggered booking of (ECL) of ₱1.27 billion to be booked on a quarterly basis over a period of five (5) years starting in 2020. Under the approval, the staggered booking of the 2020 ECL shall be considered by the BSP for purposes of determining compliance with the minimum CAR, liquidity coverage ratio, net stable funding ratio, reserve requirement and other prudential requirements. The adjusted funding and capital ratios as of December 31, 2022 and 2021, considering the relief provided by BSP for the impact of staggered booking of 2020 ECL, are as follows (amounts, except ratios, are expressed in millions):

Net Stable Funding Ratio (NSFR)

	Consolidated		Parent Company	
	2022	2021	2022	2021
Available Stable Funding	₱34,117	₱30,698	₱34,105	₱30,677
Required Stable Funding	25,297	20,599	25,432	20,524
Net Stable Funding Ratio	1.35	1.49	1.34	1.49

Capital Adequacy Ratio

	2022	2021	2022	2021
Tier 1 Capital (a)	₱1,073	₱1,468	₱1,100	₱1,465
Common Equity Tier 1 (CET1) Capital (b)	712	1,107	734	1,104
Additional Tier 1 Capital	361	361	361	361
Tier 2 Capital	177	134	177	134
Total Qualifying Capital (c)	₱1,250	₱1,602	₱1,277	₱1,599
Total Credit Risk-Weighted Assets	₱29,938	₱24,998	₱30,360	₱25,249
Total Market Risk-Weighted Assets	94	49	94	49
Total Operational Risk-Weighted Assets	4,678	4,879	4,675	4,875
Total Risk-Weighted Assets (d)	₱34,710	₱29,926	₱35,132	₱30,173
Common Equity Tier 1 Ratio (b)/(d)	2.05%	3.70%	2.10%	3.66%
Tier 1 Capital Ratio (a/d)	3.09%	4.91%	3.13%	4.86%
Capital Adequacy Ratio (c)/(d)	3.60%	5.35%	3.64%	5.30%

Basel III Leverage Ratio

	Consolidated		Parent Company	
	2022	2021	2022	2021
Total Capital Measure	₱1,073	₱1,240	₱1,110	₱1,240
Total Exposure Measure	59,953	50,386	59,921	50,345
Basel Leverage Ratio	1.79%	2.46%	1.84%	2.46%

To meet the minimum capital requirement of the BSP, the Parent Company plans to raise additional capital. However, under Republic Act No. 3518, the ownership of the Parent Company's shares is confined to World War II veterans or their heirs. This condition significantly impacts the Parent Company's ability to successfully raise additional capital. Republic Act No. 11597 ("Philippine Veterans Bank Act"), which was signed into law on December 10, 2021, widened the Parent Company's investor base by expanding the definition of "veterans" to include post-World War II veterans and retirees of the AFP. It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all time retain majority of the common shares of the Bank. With the expansion of qualified investor base, the Parent Company began its capital raising activities (see Note 3).

5. Fair Value Measurement

The following table provides the fair value hierarchy of the Group's and of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed. Financial instruments which fair values are required to be disclosed, but the carrying values equal their fair values are not shown (amounts in thousands).

Consolidated					
December 31, 2022					
Fair Value					
	Carrying Value	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	₱104,907	₱104,907	₱—	₱—	₱104,907
Financial assets at FVOCI					
Government debt securities	4,745,574	4,745,574	—	4,745,574	—
Private debt securities	625,111	625,111	625,111	—	—
Quoted equity securities	83,644	83,644	83,644	—	—
Unquoted equity securities	101,696	101,696	—	101,696	—
	₱5,660,932	₱5,660,932	₱708,755	₱4,847,270	₱104,907
Fair values are disclosed:					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱10,890,018	₱7,896,919	₱7,896,919	₱—	₱—
Private debt securities	279,850	263,232	—	263,232	—
Loans and receivables – net					
Loans and discounts					
Corporate	15,434,054	13,394,631	—	—	13,394,631
Pension	2,088,701	1,329,989	—	—	1,329,989
Purchased receivable	326,028	326,027	—	—	326,027
Mortgage and salary	4,147,347	2,172,541	—	—	2,172,541
Unquoted debt securities	51,323	51,323	—	—	51,323
Sales contract receivable	298,291	254,727	—	—	254,727
Other receivables	—	—	—	—	—
	33,515,612	25,689,389	7,896,919	263,232	17,529,238
Nonfinancial assets					
Investment properties	2,287,287	5,865,629	—	—	5,865,629
	₱35,802,899	₱31,555,018	₱7,896,919	₱263,232	₱23,394,867
Financial liabilities					
Deposit liabilities					
Time deposits	₱4,153,199	₱3,923,398	₱—	₱—	₱3,923,398
	₱4,153,199	₱3,923,398	₱—	₱—	₱3,923,398

Consolidated					
December 31, 2021					
	Carrying Value	Total	Fair Value		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	₱133,749	₱133,749	₱—	₱—	₱133,749
Government debt securities	8,466	8,466	8,466	—	—
Financial assets at FVOCI					
Government debt securities	2,048,741	2,048,741	199,641	1,849,100	—
Private debt securities	1,650,569	1,650,569	1,650,569	—	—
Quoted equity securities	68,618	68,618	68,618	—	—
Unquoted equity securities	89,558	89,558	—	89,558	—
	₱3,999,701	₱3,999,701	₱1,927,294	₱1,938,658	₱133,749
Fair values are disclosed:					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱3,674,617	₱2,568,287	₱2,568,287	₱—	₱—
Loans and receivables – net					
Loans and discounts					
Corporate	12,343,679	10,657,050	—	—	10,657,050
Pension	2,324,089	1,492,474	—	—	1,492,474
Purchased receivable	411,645	338,700	—	—	338,700
Mortgage and salary	3,332,833	1,857,748	—	—	1,857,748
Unquoted debt securities	154,872	147,297	—	—	147,297
Sales contract receivable	313,647	270,130	—	—	270,130
Other receivables	5,498	5,310	—	—	5,310
	22,560,880	17,336,996	2,568,287	—	14,768,709
Nonfinancial assets					
Investment properties	2,062,714	6,208,667	—	—	6,208,667
	₱24,623,594	₱23,545,663	₱2,568,287	₱—	₱20,977,376
Financial liabilities					
Deposit liabilities					
Time deposits	₱3,253,236	₱2,871,129	₱—	₱—	₱2,871,129
Loans payable	10,940	10,866	—	—	10,866
	₱3,264,176	₱2,881,995	₱—	₱—	₱2,881,995

Parent Company					
December 31, 2022					
	Carrying Value	Total	Fair Value		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	₱104,907	₱104,907	₱—	₱—	₱104,907
Financial assets at FVOCI					
Government debt securities	4,745,574	4,745,574	—	4,745,574	—
Private debt securities	625,111	625,111	625,111	—	—
Quoted equity securities	83,644	83,644	83,644	—	—
Unquoted equity securities	101,696	101,696	—	101,696	—
	₱5,660,932	₱5,660,932	₱708,755	₱4,847,270	₱104,907
Fair values are disclosed:					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱10,890,018	₱7,896,919	₱7,896,919	₱—	₱—
Private debt securities	279,850	263,232	—	263,232	—
Loans and receivables - net					
Loans and discounts					
Corporate	15,434,054	13,394,631	—	—	13,394,631
Pension	2,088,701	1,329,989	—	—	1,329,989
Purchased receivable	326,028	326,027	—	—	326,027
Mortgage and salary	4,096,052	2,123,012	—	—	2,123,012
Unquoted debt securities	51,323	51,323	—	—	51,324
Sales contract receivable	253,178	234,759	—	—	234,759
Other receivables	—	—	—	—	—
	33,419,204	25,619,892	7,896,919	263,232	17,459,742
Nonfinancial assets					
Investment properties	2,298,363	5,858,730	—	—	5,858,730
	₱35,717,567	₱31,478,622	₱7,896,919	₱263,232	₱23,318,472
Financial liabilities					
Deposit liabilities					
Time deposits	₱4,150,771	₱3,921,173	₱—	₱—	₱3,921,173
	₱4,153,199	₱3,921,173	₱—	₱—	₱3,921,173

Parent Company					
December 31, 2021					
	Fair Value				
	Carrying Value	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	₱133,749	₱133,749	₱-	₱-	₱133,749
Government debt securities	8,466	8,466	8,466	-	-
Financial assets at FVOCI					
Government debt securities	2,048,741	2,048,741	199,641	1,849,100	-
Private debt securities	1,650,569	1,650,569	1,650,569	-	-
Quoted equity securities	68,618	68,618	68,618	-	-
Unquoted equity securities	89,558	89,558	-	89,558	-
	₱3,999,701	₱3,999,701	₱1,927,294	₱1,938,658	₱133,749
Fair values are disclosed					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱3,674,617	₱2,568,287	₱2,568,287	₱-	₱-
Private debt securities					
Loans and receivables - net					
Loans and discounts	12,343,679	10,657,050	-	-	10,657,050
Corporate	2,324,089	1,492,474	-	-	1,492,474
Pension	411,645	338,700	-	-	338,700
Purchased receivable	3,308,559	1,838,046	-	-	1,838,046
Mortgage and salary	154,872	147,297	-	-	147,297
Unquoted debt securities	253,613	202,188	-	-	202,188
Sales contract receivable	5,498	5,310	-	-	5,310
Other receivables	22,476,572	17,249,352	2,568,287	-	14,681,065
Nonfinancial assets	2,073,790	6,201,768	-	-	6,201,768
Investment properties	₱24,550,362	₱23,451,120	₱2,568,287	₱-	₱20,882,833
Financial liabilities					
Deposit liabilities					
Time deposits	₱3,251,208	₱2,869,373	₱-	₱-	₱2,869,373

Fair value of financial assets not meeting the SPPI criterion is determined through discounted cash flow methods using discount rates which represent the Parent Company's incremental lending rates, together with a credit risk premium, for the underlying assets. The table below shows the sensitivity analysis on the fair values of such financial assets based on reasonably possible changes in discount rates as of December 31, 2022 and 2021, with all other assumptions held constant (amounts in thousands):

	2022		2021	
Changes in interest rates (in basis points)	+100	-100	+100	-100
Increase (decrease) in fair value	(₱7,470)	₱8,277	(₱10,211)	₱11,416

The movements in financial assets at FVTPL under Level 3 fair value hierarchy is as follows:

	2022	2021
Balance at beginning of the year	₱133,749	₱182,126
Fair value change	(26,094)	(33,742)
Assets derecognized during the year	(2,748)	(14,635)
Balance at end of the year	₱104,907	₱133,749

Fair value change is included under 'Trading gains - net' in the statements of income.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

Cash and other cash items, due from BSP, due from other banks, SPURA, accounts receivable and accrued interest receivable - Carrying amounts approximate fair values given the short-term nature of the instruments.

Debt securities - Fair values are generally based on quoted market prices. When the market prices are not readily available, the Group uses adjusted quoted market prices of comparable investments or applied discounted cash flow methodologies. The prevailing interest rates used for peso-denominated securities range from 1.68% to 6.95% and from 0.94% to 6.13% in 2022 and 2021, respectively.

Equity securities - The Group's investments in equity securities include quoted and unquoted shares of stocks. Fair values of quoted equity securities are based on quoted market prices. Unquoted equity securities held by the Group for operational purposes have been designated at FVOCI under PFRS 9 and their fair values were determined by reference to either bid quotes for recent transactions or average available prices of comparable quoted companies prevailing at the reporting date.

Loans and discounts - Fair values of loans and discounts, including unquoted debt securities classified as loans and other receivables, are estimated using the discounted cash flow methodology, using the Parent Company's current incremental lending rates for similar types of loans and receivables. For loans with floating interest rates, with repricing frequencies on a quarterly basis, the Group assumes that the carrying amount approximates fair value. The discount rates used in estimating the fair value of loans and receivables range from 1.00% to 59.94% in 2022 and 2021.

Investment properties - Fair value of the investment properties measured at Level 3 has been determined based on valuations made by external and/or in-house appraisers on the basis of recent sales transactions of similar properties in the same areas as the properties and taking into account the economic conditions prevailing at the time the valuations were made. Market data approach is used. It involves correlation and analysis of comparable lots, either recently sold or offered for sale in the market, upon which the market value of subject property is estimated. The inputs considered by the appraisers in the valuation include price per square meter, size and shape of property, location and time element of the appraisal.

Deposit liabilities - Fair values of demand deposit liabilities and savings deposit liabilities approximate their carrying amounts due to the demand nature. The fair values of time deposit liabilities are estimated using the discounted cash flow methodology, using the Parent Company's current incremental borrowing rates for similar types of deposits. The discount rates used in estimating the fair value of time deposits range from 0.05% to 5.5% and 0.10% to 5.50% in 2022 and 2021, respectively,

Loans payable - Fair value of loans payable are estimated using the discounted cash flow methodology, using the Subsidiary's current incremental borrowing rates for similar types of borrowings. The discount rates used in estimating the fair value of loans payable is 6.5% in 2021, respectively,

Manager's check, accrued interest payable and other liabilities - Carrying amounts approximate fair values given the short-term nature of the instruments.

6. Interbank Loans Receivable and Securities Purchased Under Resale Agreement

This account consists of (amounts in thousands):

	2022	2021
IBCL (Note 27)	₱1,669,600	₱1,669,600
SPURA (Note 29)	1,086,138	1,598,164
	2,755,738	3,267,764
Allowance for impairment and credit losses (Notes 13 and 27)	(1,081,762)	(973,238)
	₱1,673,976	₱2,294,526

The outstanding balance of SPURA as of December 31, 2022 and 2021 pertains to overnight placements with the BSP where the underlying securities cannot be sold or repledged to parties other than the BSP, with interest rate of 5.50% and 2.00% in 2022 and 2021, respectively.

7. Trading and Investment Securities

Financial Assets at FVTPL

As of December 31, 2022 and 2021, this account consists of (amounts in thousands):

	2022	2021
Financial assets not meeting the SPPI criterion	₱104,907	₱133,749
Government debt securities	—	8,466
	₱104,907	₱142,215

The peso-denominated government debt securities at FVTPL bear nominal annual interest rates of 1.15% in 2021.

The net unrealized gain (loss) on financial assets at FVTPL amounted to (₱14.98) million in 2022, (₱11.16) million in 2021 and ₱22.81 million in 2020.

Investment Securities at FVOCI

As of December 31, 2022 and 2021, this account consists of (amounts in thousands):

	2022	2021
Debt securities		
Government (Note 24)	₱4,745,574	₱2,048,741
Private	625,111	1,650,569
	5,370,685	3,699,310
Equity securities		
Quoted	83,644	68,618
Unquoted	101,696	89,558
	185,340	158,176
	₱5,556,025	₱3,857,486

The peso-denominated government debt securities at FVOCI bear nominal annual interest rates ranging from 0.00% to 8.63% and 0.00% to 6.25% in 2022 and 2021, respectively, while the peso-denominated private debt securities at FVOCI bear nominal annual interest rates ranging from 2.84% to 7.60% and 2.84% to 6.84% in 2022 and 2021, respectively.

Loss on disposal of equity securities included under 'Gain on sale of assets – net' amounted to ₱3.04 million and ₱1.52 million in 2022 and 2021, respectively, for the Group and Parent Company. No similar transaction in 2020.

As of December 31, 2022 and 2021, the ECL on debt securities at FVOCI amounted to ₱1.12 million, which is included under 'Net accumulated unrealized loss on financial assets at FVOCI (see Note 13).

Unquoted equity securities are composed mostly of various bank association membership shares that are not actively traded in the market. The Group does not intend to sell these securities in the near future.

Net Accumulated Unrealized Losses on Financial Assets at FVOCI

Movements in net unrealized losses, presented under 'Equity' in the statement of financial position are as follows (amounts in thousands):

	2022	2021
Balance at beginning of year	(₱217)	(₱44,133)
Mark-to-market gain for the year	(132,256)	62,154
Reversal of credit losses on debt securities at FVOCI (Note 13)	–	(685)
Realized gain for the year	(11,210)	(17,553)
Net change during the year	(143,466)	43,916
Balance at end of year	(₱143,683)	(₱217)

Debt Securities at Amortized Cost

As of December 31, 2022 and 2021 this account consists of (amounts in thousands):

	2022	2021
Government debt securities (Note 14)	₱10,890,018	₱3,674,617
Private debt securities	279,850	–
	11,169,868	3,674,617
Allowance for credit losses (Note 13)	–	–
	₱11,169,868	₱3,674,617

The peso-denominated government debt securities at amortized cost bear nominal annual interest rates ranging from 2.63% to 8.63% in 2022 and 0.00% to 6.13% in 2021, while the peso-denominated private debt securities at amortized cost bear nominal annual interest rate ranging from 0.00% to 6.95% in 2022. Private debt securities amounting to ₱599.99 million were reclassified to FVOCI in 2021 (see Note 3).

Investment securities at amortized cost are pledged by the Parent Company for an overdraft line of credit with BSP with total carrying value of ₱3.49 billion same as of December 31, 2022 and 2021.

Interest income on investment securities at amortized cost and at FVOCI financial assets consists of (amounts in thousands):

	2022	2021	2020
Debt securities at amortized cost	₱311,727	₱163,129	₱146,226
Financial assets at FVOCI	161,998	67,923	90,388
	₱473,725	₱231,052	₱236,614

Trading gain (loss) on trading and investment securities consist of (amounts in thousands):

	2022	2021	2020
Financial assets at FVTPL	(₱2,961)	₱9,970	₱52,660

8. Loans and Receivables

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Loans and discounts				
Corporate	₱17,740,129	₱14,428,350	₱17,740,129	₱14,428,350
Mortgage and salary (Note 25)	4,209,962	3,433,597	4,153,915	3,406,835
Pension	2,369,202	2,579,860	2,369,202	2,579,860
Purchased receivables	737,013	926,133	737,013	926,133
	25,056,306	21,367,940	25,000,259	21,341,178
Accounts receivable (Notes 25 and 27)	1,196,374	1,264,460	1,190,741	1,262,209
Unquoted debt securities	51,323	154,872	51,324	154,872
Sales contract receivable	300,322	315,593	255,209	255,558
Accrued interest receivable	423,362	410,943	415,340	404,295
Other receivables	-	5,498	-	5,498
	27,027,687	23,519,306	26,912,873	23,423,610
Allowance for credit losses (Notes 13 and 27)	(3,868,376)	(3,694,089)	(3,853,818)	(3,681,794)
	₱23,159,311	₱19,825,217	₱23,059,055	₱19,741,816

On March 25, 2020, Republic Act 11469, *Bayanihan to Heal as One Act*, was enacted. In compliance thereof, the Parent Company implemented a minimum thirty (30)-day grace period for payment of all loans falling due within the period of the enhanced community quarantine without incurring interests, penalties, fees or other charges.

On September 11, 2020, Republic Act No. 11494, *Bayanihan to Recover as One Act*, was enacted. In compliance thereof, the Parent Company granted one-time sixty (60)-day grace period for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans.

The financial reliefs mandated by the aforementioned Bayanihan Acts resulted in a modification loss of ₱108.39 million in 2020. As of December 31, 2022 and 2021, the balance of modification loss amounted to ₱33.61 million and ₱65.28 million, respectively. The outstanding balance of modified loans from the financial relief is ₱2.27 billion and ₱4.35 billion as of December 31, 2022 and 2021, respectively.

Purchased receivables as of December 31, 2022 and 2021 represents consumer loans acquired from a financing company on a without recourse basis.

Accounts receivable as of December 31, 2022 and 2021 includes receivable amounting to ₱918.61 million, representing the uninsured deposits of a thrift bank assumed by the Parent Company (see Note 27).

Unquoted debt securities issued or guaranteed by the Philippine government amounted to ₱51.32 million and ₱110.49 million as of December 31, 2022 and 2021, respectively. These also include agrarian reform bonds, corporate note facilities, and bonds issued by various local government units. Interest rates earned from unquoted debt securities ranges from 4.37% to 7.36% in 2022, 0.88% to 6.77% in 2021 and 2.56% to 6.77% in 2020.

Interest income on loans and receivables consists of (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Loans and discounts	₱1,386,620	₱1,355,479	₱1,948,536	₱1,383,012	₱1,353,110	₱1,948,033
Unquoted debt securities	5,321	18,055	26,901	5,321	18,055	26,901
Sales contract receivables and other receivables	15,176	18,683	12,929	12,352	15,762	9,954
	₱1,407,117	₱1,392,217	₱1,988,366	₱1,400,685	₱1,386,927	₱1,984,888

Interest rates on loans and discounts ranges from 1.00% to 59.94% in 2022 and 2021.

9. Investments in Subsidiaries

This account consists of investments in (amounts in thousands):

	Percentage of Ownership	2022	2021
Acquisition cost			
IPI	100.00%	₱200,000	₱200,000
NAGON	97.77%	31,395	31,395
VVCC	60.00%	3,000	3,000
		234,395	234,395
Accumulated equity in net losses of subsidiaries			
Balance at beginning of year		(85,124)	(94,822)
Equity in net income for the year		3,848	9,698
Balance at end of year		(81,276)	(85,124)
Allowance for impairment losses (Note 13)		(3,000)	(3,000)
		₱150,119	₱146,271

The breakdown of the Parent Company's investments in subsidiaries is as follows (amounts in thousands):

	2022	2021
IPI	₱129,603	₱124,073
NAGON	20,516	22,198
VVCC	3,000	3,000
	153,119	149,271
Allowance for impairment losses (Note 13)	(3,000)	(3,000)
	₱150,119	₱146,271

All subsidiaries of the Parent Company are incorporated and have principal place of business in the Philippines.

IPI

IPI is engaged in the administration and management of the Parent Company's assets, constructing and developing houses and other real estate properties, and buying and selling of foreign currencies.

NAGON

NAGON is licensed to operate as a rural bank based in Batangas, and is engaged in deposit-taking and granting of loan. The Parent Company envisions that, through the acquisition of NAGON, the Group will be active in agri-agra financing through the network of rural banks, and will participate in establishing structured agri-agra programs that will help channel funds to the agri-agra sector.

10. Bank Premises, Furniture, Fixtures and Equipment

The composition of and movements in this account are as follows (amounts in thousands):

	Consolidated					Total
	2022					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset – Branch Premise	
Cost						
Balances at beginning of year	₱205,566	₱563,015	₱974,563	₱507,594	₱331,924	₱2,582,662
Additions	–	72,867	68,951	30,991	26,343	199,152
Disposals/reclassifications /write-offs	–	(45,866)	(28,605)	–	(15,855)	(90,326)
Balances at end of year	205,566	590,016	1,014,909	538,585	342,412	2,691,488
Accumulated Depreciation, Amortization						
Balances at beginning of year	–	281,473	747,489	370,578	97,631	1,497,171
Depreciation and amortization	–	30,520	77,180	37,155	51,615	196,470
Disposals/reclassifications /write-offs/adjustments	–	(32)	(28,768)	(10,038)	(4,943)	(43,781)
Balances at end of year	–	311,961	795,901	397,695	144,303	1,649,860
Net Book Values	₱205,566	₱278,055	₱219,008	₱140,890	₱198,109	₱1,041,628

	Consolidated					Total
	2021					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset – Branch Premise	
Cost						
Balances at beginning of year	₱205,566	₱531,392	₱913,405	₱439,046	₱291,237	₱2,380,646
Additions	–	47,174	128,030	69,409	94,677	339,290
Disposals/reclassifications/write-offs	–	(15,551)	(66,872)	(861)	(54,221)	(137,505)
Translation adjustments	–	–	–	–	231	231
Balances at end of year	205,566	563,015	974,563	507,594	331,924	2,582,662
Accumulated Depreciation, Amortization						
Balances at beginning of year	–	252,332	741,845	333,119	91,414	1,418,710
Depreciation and amortization	–	26,700	67,752	37,459	54,316	186,227
Disposals/reclassifications /write-offs/adjustments	–	2,441	(62,108)	–	(48,099)	(107,766)
Balances at end of year	–	281,473	747,489	370,578	97,631	1,497,171
Net Book Values	₱205,566	₱281,542	₱227,074	₱137,016	₱234,293	₱1,085,491

Parent Company						
2022						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset – Branch Premise	Total
Cost						
Balances at beginning of year	₹202,573	₹595,674	₹960,874	₹507,595	₹331,924	₹2,598,640
Additions	–	72,277	68,113	30,991	26,343	197,724
Disposals/reclassifications/write-offs	–	(45,883)	(25,478)	–	(15,855)	(87,216)
Balances at end of year	202,573	622,068	1,003,509	538,586	342,412	2,709,148
Accumulated Depreciation and Amortization						
Balances at beginning of year	–	275,401	737,902	370,579	97,631	1,481,513
Depreciation and amortization	–	29,594	75,872	37,155	51,615	194,236
Disposals/reclassifications/write-offs	–	–	(26,170)	(10,038)	(4,943)	(41,151)
Balances at end of year	–	304,995	787,604	397,696	144,303	1,634,598
Net Book Values	₹202,573	₹317,073	₹215,905	₹140,890	₹198,109	₹1,074,550

Parent Company						
2021						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset – Branch Premise	Total
Cost						
Balances at beginning of year	₹202,573	₹567,536	₹901,057	₹439,046	₹291,237	₹2,401,449
Additions	–	46,130	124,506	69,410	94,677	334,723
Disposals/reclassifications/write-offs	–	(17,992)	(64,689)	(861)	(54,221)	(137,763)
Translation adjustment	–	–	–	–	231	231
Balances at end of year	202,573	595,674	960,874	507,595	331,924	2,598,640
Accumulated Depreciation/Amortization						
Balances at beginning of year	–	249,535	731,338	333,119	91,414	1,405,406
Depreciation and amortization	–	25,866	66,488	37,459	54,316	184,129
Disposals/reclassifications/write-offs	–	–	(59,924)	–	(48,099)	(108,023)
Balances at end of year	–	275,401	737,902	370,579	97,631	1,481,513
Net Book Values	₹202,573	₹320,273	₹222,972	₹137,016	₹234,293	₹1,117,127

There are no property and equipment pledged as security for the Group's liabilities. The Group and the Parent Company have fully depreciated property and equipment that are still in use with cost amounting to ₹1.19 billion and ₹900.98 million as of December 31, 2022 and 2021, respectively.

Gain on disposal of property and equipment included under 'Gain on sale of assets - net' amounted to ₹0.27 million, ₹0.65 million, and ₹0.07 million in 2022, 2021 and 2020, respectively, for the Group, and ₹0.04 million, ₹0.65 million, and ₹0.07 million in 2022, 2021 and 2020, respectively, for the Parent Company.

The breakdown of depreciation and amortization by asset class follow (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Bank premises, furniture, fixtures and equipment	₹196,470	₹186,227	₹174,754	₹194,236	₹184,129	₹171,751
Investment properties (Note 11)	40,427	54,117	60,295	40,427	54,117	60,295
Other foreclosed assets (Note 12)	121,458	54,504	58,629	121,458	54,504	58,629
	₹358,355	₹294,848	₹293,678	₹356,121	₹292,750	₹290,675

11. Investment Properties

The composition of and movements in this account are as follows (amounts in thousands):

	Consolidated		
	2022		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱2,050,955	₱531,634	₱2,582,589
Additions	402,496	46,266	448,762
Disposals/reclassifications/write-offs	(163,211)	(185,671)	(348,882)
Balances at end of year	2,290,240	392,229	2,682,469
Accumulated Depreciation and Amortization			
Balances at beginning of year	—	301,451	301,451
Depreciation and amortization (Note 10)	—	40,427	40,427
Disposals/reclassifications/write-offs	—	(165,098)	(165,098)
Balances at end of year	—	176,780	176,780
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	₱201,175	₱17,249	₱218,424
Provisions	5,858	2,352	8,210
Disposals/reclassifications/write-offs	(8,232)	—	(8,232)
Balances at end of year	198,801	19,601	218,402
Net Book Values	₱2,091,439	₱195,848	₱2,287,287

	Consolidated		
	2021		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱2,216,733	₱668,022	₱2,884,755
Additions	49,848	70,365	120,213
Disposals/reclassifications/write-offs	(215,626)	(206,753)	(422,379)
Balances at end of year	2,050,955	531,634	2,582,589
Accumulated Depreciation and Amortization			
Balances at beginning of year	—	356,146	356,146
Depreciation and amortization (Note 10)	—	54,117	54,117
Disposals/reclassifications/write-offs	—	(108,812)	(108,812)
Balances at end of year	—	301,451	301,451
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	₱251,491	₱29,494	₱280,985
Provisions	(64)	(279)	(343)
Disposals/reclassifications/write-offs	(50,252)	(11,966)	(62,218)
Balances at end of year	201,175	17,249	218,424
Net Book Values	₱1,849,780	₱212,934	₱2,062,714

	Parent Company		
	2022		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱2,065,510	₱528,155	₱2,593,665
Additions	402,496	46,266	448,762
Disposals/reclassifications/write-offs	(163,211)	(185,671)	(348,882)
Balances at end of year	2,304,795	388,750	2,693,545
Accumulated Depreciation and Amortization			
Balances at beginning of year	—	301,451	301,451
Depreciation and amortization (Note 10)	—	40,427	40,427
Disposals/reclassifications/write-offs	—	(165,098)	(165,098)
Balances at end of year	—	176,780	176,780
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	201,175	17,249	218,424
Provisions	5,858	2,352	8,210
Disposals/reclassifications/write-offs	(8,232)	—	(8,232)
Balances at end of year	198,801	19,601	218,402
Net Book Values	₱2,105,994	₱192,369	₱2,298,363

	Parent Company		
	2021		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱2,231,288	₱664,543	₱2,895,831
Additions	49,848	70,365	120,213
Disposals/reclassifications/write-offs	(215,626)	(206,753)	(422,379)
Balances at end of year	2,065,510	528,155	2,593,665
Accumulated Depreciation and Amortization			
Balances at beginning of year	–	356,146	356,146
Depreciation and amortization (Note 10)	–	54,117	54,117
Disposals/reclassifications/write-offs	–	(108,812)	(108,812)
Balances at end of year	–	301,451	301,451
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	251,491	29,494	280,985
Provisions	(64)	(279)	(343)
Disposals/reclassifications/write-offs	(50,252)	(11,966)	(62,218)
Balances at end of year	201,175	17,249	218,424
Net Book Values	₱1,864,335	₱209,455	₱2,073,790

The Group's investment properties mainly consist of real estate properties acquired in settlement of loans and receivables.

As of December 31, 2022 and 2021, the aggregate fair value of the Group's investment properties amounted to ₱5.87 billion and ₱6.21 billion, respectively. As of December 31, 2022 and 2021, the aggregate fair value of the Parent Company's investment properties amounted to ₱5.86 billion and ₱6.21 billion, respectively (see Note 5).

Gain on disposal of investment properties included under 'Gain on sale of assets' amounted to ₱287.75 million, ₱201.52 million, and ₱198.82 million in 2022, 2021 and 2020, respectively, for the Group, and ₱284.87 million, ₱201.52 million, and ₱177.53 million in 2022, 2021 and 2020, respectively, for the Parent Company.

Details of rental income and direct operating expenses (excluding depreciation) on investment properties, included in 'Other operating income' and 'Miscellaneous expenses', respectively, in the statement of income on the investment properties follow (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Rental income on investment properties	₱554	₱1,185	₱1,350	₱554	₱1,185	₱1,350
Direct operating expenses – Not generating rent income	–	496	454	–	496	454

12. Other Assets

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Software costs - net	₱868,675	₱777,270	₱868,676	₱777,270
Creditable withholding tax	305,567	286,769	288,182	271,296
Other foreclosed assets - net of depreciation	308,528	147,465	308,528	147,465
Prepaid expenses	114,276	57,722	113,238	56,663
Net retirement asset (Note 19)	197,375	73,877	197,375	73,877
Stationery and other supplies	15,160	17,833	15,101	17,753
Goodwill	16,140	16,140	-	-
Miscellaneous	231,216	190,352	135,949	142,235
	2,056,937	1,567,428	1,927,049	1,486,559
Allowance for impairment losses (Note 13)	(165,308)	(181,366)	(158,195)	(174,329)
	₱1,891,629	₱1,386,062	₱1,768,854	₱1,312,230

The composition of and changes in 'Software costs' of the Group and the Parent Company are as follows (amounts in thousands):

	Consolidated and Parent Company					
	2022			2021		
	Capitalized Software Costs	Software Costs Under Development	Total	Capitalized Software Costs	Software Costs Under Development	Total
Balance at beginning of year	₱617,414	₱159,856	₱777,270	₱140,176	₱385,480	₱525,656
Additions	10,963	177,862	188,825	166,903	135,256	302,159
Amortization/Adjustment	(81,957)	-	(81,957)	(49,313)	-	(49,313)
Transfers	11,452	(11,452)	-	359,648	(359,648)	-
Write-off	-	(15,463)	(15,463)	-	(1,232)	(1,232)
Balance at end of year	₱557,872	₱310,803	₱868,675	₱617,414	₱159,856	₱777,270

In 2020, the Parent Company has charged to profit or loss the system software amounting to P228.60 million related to Bank Fusion Project. The system did not form part of the Digital Transformation Project of the Parent Company which was implemented on August 02, 2021. There was no similar transaction transpired in 2022 and 2021.

The movements in 'Other foreclosed assets' of the Group and of the Parent Company follow (amounts in thousands):

	2022	2021
Cost		
Balances at beginning of year	₱357,628	₱357,672
Additions	282,944	-
Disposals	(1,524)	(44)
Balances at end of year	639,048	357,628
Accumulated Depreciation and Amortization		
Balances at beginning of year	210,163	155,701
Depreciation and amortization (Note 10)	121,458	54,504
Disposals	(1,101)	(42)
Balances at end of year	330,520	210,163
Net Book Values	₱308,528	₱147,465

13. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses are summarized as follows (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Balances at beginning of year				
Loans and receivables (Note 8)	₱3,694,089	₱2,959,816	₱3,681,794	₱2,947,691
IBLR and SPURA (Note 6)	973,238	864,714	973,238	864,714
Investment properties (Note 11)	218,424	280,985	218,424	280,985
Debt securities at FVOCI (Note 7)	1,124	1,809	1,124	1,809
Debt securities at amortized cost (Note 7)	—	624	—	624
Due from other banks	402	622	402	622
Investment in subsidiaries (Note 9)	—	—	3,000	3,000
Other assets (Note 12)	181,366	194,602	174,329	175,561
	5,068,643	4,303,172	5,052,311	4,275,006
Provisions	148,562	918,099	145,695	917,921
Accounts written off	(18,064)	(518)	(17,461)	(518)
Disposals	(31,258)	(152,110)	(31,334)	(140,098)
Other adjustment (see Note 27)	167,491	—	167,491	—
Balances at end of year				
Loans and receivables (Note 8)	3,868,376	3,694,089	3,853,818	3,681,794
IBLR and SPURA (Note 6)	1,081,762	973,238	1,081,762	973,238
Investment properties (Note 11)	218,402	218,424	218,402	218,424
Debt securities at FVOCI (Note 7)	1,124	1,124	1,124	1,124
Debt securities at amortized cost (Note 7)	—	—	—	—
Due from other banks	402	402	402	402
Investments in subsidiaries (Note 9)	—	—	3,000	3,000
Other assets (Note 12)	165,308	181,366	158,195	174,329
	₱5,335,374	₱5,068,643	₱5,316,703	₱5,052,311

The allowance as of December 31, 2022 and 2021 and the provision for impairment, credit and other losses for 2022 and 2021 include the amounts related to receivables from a thrift bank. The amortization of the required allowance on IBCL and accounts receivable from the thrift bank amounted to ₱167.49 million for the years 2022, 2021 and 2020 (see Note 27).

As disclosed in Note 2, the BSP approved the request of the Parent Company to amortize the 2020 provision for credit losses on certain loans and discounts amounting to ₱1,272.4 million over five (5) years. Provision for credit losses charged to profit and loss amounted to ₱387 million and ₱193 million in 2022 and 2021, respectively.

ECL on debt securities at FVOCI is reported as part of 'Net accumulated unrealized losses on financial assets at FVOCI' account in equity (see Note 7).

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance to cover for significant losses that may be incurred from the non-collection or nonrealization of its loans and receivables and other risk assets, except for the IBCL and accounts receivable from a thrift bank and certain loans and discounts on which the required allowance for impairment and credit losses was deferred and is being amortized as approved by the BSP as discussed in Notes 2 and 27.

Changes in ECL Allowances

The reconciliation of allowance for loans and other credit risk assets as of December 31, 2022 and 2021 is shown in the succeeding pages (amounts in thousand).

Loans and discounts

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱96,830	₱93,296	₱1,894,545	₱2,084,671
Newly originated assets that remained in Stage 1 as at yearend	46,957	—	—	46,957
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	610	108,155	108,765
Effect of collections and other movements in receivable balance	(79,965)	(7,861)	(238,025)	(325,851)
Recoveries and transfers	—	—	(12,880)	(12,880)
Accounts written off	—	—	—	—
Transfers to Stage 1	17,657	—	(17,657)	—
Transfers to Stage 2	(375)	14,647	(14,272)	—
Transfers to Stage 3	—	(85,435)	85,435	—
Impact on ECL of exposures transferred between stages	(13,505)	39,914	378,004	404,413
Balance at December 31, 2022	67,599	55,171	2,183,305	2,306,075
Pension				
Balance at December 31, 2021	65	2	255,704	255,771
Newly originated assets that remained in Stage 1 as at yearend	—	—	—	—
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	—	2,973	2,973
Effect of collections and other movements in receivable balance	(56)	—	(16,483)	(16,539)
Recoveries and transfers	—	—	—	—
Accounts written off	—	—	—	—
Transfers to Stage 1	1,715	(1)	(1,714)	—
Transfers to Stage 2	(1)	1	—	—
Transfers to Stage 3	(7)	(1)	8	—
Impact on ECL of exposures transferred between stages	(1,715)	(1)	40,012	38,296
Balance at December 31, 2022	1	—	280,500	280,501
Mortgage and Salary				
Balance at December 31, 2021	22,928	16,658	61,178	100,764
Newly originated assets that remained in Stage 1 as at yearend	5,024	—	—	5,024
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	5,053	2,005	7,058
Effect of collections and other movements in receivable balance	(16,797)	(4,006)	(21,493)	(42,296)
Recoveries and transfers	—	—	(12,016)	(12,016)
Accounts written-off	—	—	(2)	(2)
Transfers to Stage 1	17,160	(7,227)	(9,933)	—
Transfers to Stage 2	(323)	1,901	(1,578)	—
Transfers to Stage 3	(599)	(2,881)	3,480	—
Impact on ECL of exposures transferred between stages	(17,000)	10,497	10,586	4,083
Balance at December 31, 2022	10,393	19,995	32,227	62,615
Purchased receivable				
Balance at December 31, 2021	437	24,200	489,851	514,488
Newly originated assets that remained in Stage 1 as at yearend	—	—	—	—
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	—	—	—
Effect of collections and other movements	(306)	12,036	(67,090)	(55,360)
Transfers to Stage 1	178	(43)	(135)	—
Transfers to Stage 2	(99)	80,603	(80,504)	—
Transfers to Stage 3	(32)	(9,541)	9,573	—
Impact of ECL of exposures transferred between stages	(177)	(54,077)	6,111	(48,143)
Balance at December 31, 2022	1	53,178	357,806	410,985
Total Loans and Discounts				
Balance at December 31, 2021	120,260	134,156	2,701,278	2,955,694
Newly originated assets that remained in Stage 1 as at yearend	51,981	—	—	51,981

(Forward)

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	5,663	113,133	118,796
Effect of collections and other movements in receivable balance	(97,124)	169	(343,091)	(440,046)
Recoveries and transfers	-	-	(24,896)	(24,896)
Accounts written off	-	-	(2)	(2)
Transfers to Stage 1	36,710	(7,271)	(29,439)	-
Transfers to Stage 2	(798)	97,152	(96,354)	-
Transfers to Stage 3	(638)	(97,858)	98,496	-
Impact on ECL of exposures transferred between stages	(32,397)	(3,667)	434,713	398,649
Balance at December 31, 2022	₱77,994	₱128,344	₱2,853,838	₱3,060,176

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2020	₱20,728	₱8,520	₱1,542,519	₱1,571,767
Newly originated assets that remained in Stage 1 as at yearend	89,995	-	-	89,995
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	7,861	759,756	767,617
Effect of collections and other movements in receivable balance	(17,155)	(5,701)	(665,882)	(688,738)
Other Movements	-	-	-	-
Accounts written off	-	-	-	-
Transfers to Stage 1	3,693	(2,624)	(1,069)	-
Transfers to Stage 2	-	10,194	(10,194)	-
Transfers to Stage 3	(915)	(195)	1,110	-
Impact on ECL of exposures transferred between stages	484	75,241	268,305	344,030
Balance at December 31, 2021	96,830	93,296	1,894,545	2,084,671
Pension				
Balance at December 31, 2020	22	-	113,849	113,871
Newly originated assets that remained in Stage 1 as at yearend	10	-	-	10
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	1	3,612	3,613
Effect of collections and other movements in receivable balance	35	-	82,086	82,121
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	453	-	(453)	-
Transfers to Stage 2	-	403	(403)	-
Transfers to Stage 3	(3)	-	3	-
Impact on ECL of exposures transferred between stages	(452)	(402)	57,528	56,674
Balance at December 31, 2021	65	2	255,704	255,771
Mortgage and Salary				
Balance at December 31, 2020	60,276	4,281	52,557	117,114
Newly originated assets that remained in Stage 1 as at yearend	10,399	-	-	10,399
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	13,093	28,770	41,863
Effect of collections and other movements in receivable balance	(44,593)	(2,013)	(30,778)	(77,384)
Accounts written-off	-	-	-	-
Transfers to Stage 1	7,210	(1,171)	(6,039)	-
Transfers to Stage 2	(1,993)	1,993	-	-
Transfers to Stage 3	(1,177)	(985)	2,162	-
Impact on ECL of exposures transferred between stages	(7,194)	1,460	14,506	8,772
Balance at December 31, 2021	22,928	16,658	61,178	100,764
Purchased receivable				
Balance at December 31, 2020	1,075	105,581	371,156	477,812
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	-	-	-
Effect of collections and other movements	(₱472)	(₱16,925)	₱79,662	₱62,265
Transfers to Stage 1	18,653	(10,912)	(7,741)	-
Transfers to Stage 2	(150)	46,514	(46,364)	-
Transfers to Stage 3	(140)	(68,110)	68,250	-
Impact of ECL of exposures transferred between stages	(18,529)	(31,948)	24,888	(25,589)
Balance at December 31, 2021	437	24,200	489,851	514,488
Total Loans and Discounts				
Balance at December 31, 2020	82,101	118,382	2,080,081	2,280,564
Newly originated assets that remained in Stage 1 as at yearend	100,404	-	-	100,404

(Forward)

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	20,955	792,138	813,093
Effect of collections and other movements in receivable balance	(62,185)	(24,639)	(534,912)	(621,736)
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	30,009	(14,707)	(15,302)	-
Transfers to Stage 2	(2,143)	59,104	(56,961)	-
Transfers to Stage 3	(2,235)	(69,290)	71,525	-
Impact on ECL of exposures transferred between stages	(25,691)	44,351	365,227	383,887
Balance at December 31, 2021	¥120,260	¥134,156	¥2,701,278	¥2,955,694

	Parent Company			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	¥96,830	¥93,296	¥1,894,545	¥2,084,671
Newly originated assets that remained in Stage 1 as at yearend	46,957	-	-	46,957
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	610	108,155	108,765
Effect of collections and other movements in receivable balance	(79,908)	(7,861)	(238,025)	(325,851)
Recoveries and transfers	-	-	(12,880)	(12,880)
Accounts written off	-	-	-	-
Transfers to Stage 1	17,657	-	(17,657)	-
Transfers to Stage 2	(375)	14,647	(14,272)	-
Transfers to Stage 3	-	(85,435)	85,435	-
Impact on ECL of exposures transferred between stages	(13,505)	39,914	378,004	404,413
Balance at December 31, 2022	67,656	55,171	2,183,305	2,306,075
Pension				
Balance at December 31, 2021	65	2	255,704	255,771
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	-	2,973	2,973
Effect of collections and other movements in receivable balance	(56)	-	(16,483)	(16,539)
Accounts written off	-	-	-	-
Transfers to Stage 1	1,715	(1)	(1,714)	-
Transfers to Stage 2	(1)	1	-	-
Transfers to Stage 3	(7)	(1)	8	-
Impact on ECL of exposures transferred between stages	(1,715)	(1)	40,012	38,296
Balance at December 31, 2022	1	-	280,500	280,501
Mortgage and Salary				
Balance at December 31, 2021	22,737	16,658	58,881	98,276
Newly originated assets that remained in Stage 1 as at yearend	5,024	-	-	5,024
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	5,053	2,005	7,058
Effect of collections and other movements in receivable balance	(16,796)	(4,006)	(21,493)	(42,296)
Recoveries and transfers	-	-	(12,016)	(12,016)
Accounts written-off	-	-	(2)	(2)
Transfers to Stage 1	17,160	(7,227)	(9,933)	-
Transfers to Stage 2	(323)	1,901	(1,578)	-
Transfers to Stage 3	(599)	(2,881)	3,480	-
Impact on ECL of exposures transferred between stages	(17,000)	10,497	8,322	1,819
Balance at December 31, 2022	10,203	19,995	27,666	57,863
Purchased receivable				
Balance at December 31, 2021	437	24,200	489,851	514,488
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	-	-	-
Effect of collections and other movements	(306)	12,036	(67,090)	(55,360)
Accounts written-off	-	-	-	-
Transfers to Stage 1	178	(43)	(135)	-
Transfers to Stage 2	(99)	80,603	(80,504)	-
(Forward)				

	Parent Company			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Transfers to Stage 3	(32)	(9,541)	9,573	-
Impact of ECL of exposures transferred between stages	(177)	(54,077)	6,111	(48,143)
Balance at December 31, 2022	1	53,178	357,806	410,985
Total Loans and Discounts				
Balance at December 31, 2021	120,069	134,156	2,698,981	2,953,206
Newly originated assets that remained in Stage 1 as at yearend	51,981	-	-	51,981
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	5,663	113,133	118,796
Effect of collections and other movements in receivable balance	(97,124)	169	(343,091)	(440,046)
Recoveries and transfers	-	-	(24,896)	(24,896)
Accounts written off	-	-	(2)	(2)
Transfers to Stage 1	36,710	(7,271)	(29,439)	-
Transfers to Stage 2	(798)	97,152	(96,354)	-
Transfers to Stage 3	(638)	(97,858)	98,496	-
Impact on ECL of exposures transferred between stages	(32,397)	(3,667)	432,449	396,385
Balance at December 31, 2022	₱77,803	₱128,344	₱2,849,277	₱3,055,424

	Parent Company			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2020	₱20,728	₱8,520	₱1,542,519	₱1,571,767
Newly originated assets that remained in Stage 1 as at yearend	89,995	-	-	89,995
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	7,861	759,756	767,617
Effect of collections and other movements in receivable balance	(17,155)	(5,701)	(665,882)	(688,738)
Other Movements	-	-	-	-
Accounts written off	-	-	-	-
Transfers to Stage 1	3,693	(2,624)	(1,069)	-
Transfers to Stage 2	-	10,194	(10,194)	-
Transfers to Stage 3	(915)	(195)	1,110	-
Impact on ECL of exposures transferred between stages	484	75,241	268,305	344,030
Balance at December 31, 2021	96,830	93,296	1,894,545	2,084,671
Pension				
Balance at December 31, 2020	22	-	113,849	113,871
Newly originated assets that remained in Stage 1 as at yearend	10	-	-	10
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	1	3,612	3,613
Effect of collections and other movements in receivable balance	₱35	₱-	₱82,086	₱82,121
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	453	-	(453)	-
Transfers to Stage 2	-	403	(403)	-
Transfers to Stage 3	(3)	-	3	-
Impact on ECL of exposures transferred between stages	(452)	(402)	57,528	56,674
Balance at December 31, 2021	65	2	255,704	255,771
Mortgage and Salary				
Balance at December 31, 2020	60,085	4,281	50,246	114,612
Newly originated assets that remained in Stage 1 as at yearend	10,399	-	-	10,399
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	13,093	28,770	41,863
Effect of collections and other movements in receivable balance	(44,592)	(2,013)	(30,777)	(77,382)
Accounts written-off	-	-	-	-
Transfers to Stage 1	7,210	(1,171)	(6,039)	-
Transfers to Stage 2	(1,992)	1,992	-	-
Transfers to Stage 3	(1,177)	(984)	2,161	-
Impact on ECL of exposures transferred between stages	(7,196)	1,460	14,520	8,784
Balance at December 31, 2021	22,737	16,658	58,881	98,276
Purchased receivable				
Balance at December 31, 2020	1,075	105,581	371,156	477,812
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	-	-	-
Effect of collections and other movements	(472)	(16,925)	79,662	62,265
Accounts written-off	-	-	-	-
Transfers to Stage 1	18,653	(10,912)	(7,741)	-

(Forward)

	Parent Company			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Transfers to Stage 2	(150)	46,514	(46,364)	-
Transfers to Stage 3	(140)	(68,110)	68,250	-
Impact of ECL of exposures transferred between stages	(18,529)	(31,948)	24,888	(25,589)
Balance at December 31, 2021	37,495	24,200	489,851	514,488
Total Loans and Discounts				
Balance at December 31, 2020	81,910	118,382	2,077,770	2,278,062
Newly originated assets that remained in Stage 1 as at yearend	100,404	-	-	100,404
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	20,955	792,138	813,093
Effect of collections and other movements in receivable balance	(62,186)	(24,639)	(534,911)	(621,734)
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	30,010	(14,707)	(15,302)	-
Transfers to Stage 2	(2,142)	59,103	(56,961)	-
Transfers to Stage 3	(2,234)	(69,289)	71,524	-
Impact on ECL of exposures transferred between stages	(25,693)	44,351	365,241	383,899
Balance at December 31, 2021	₱120,069	₱134,156	₱2,698,981	₱2,953,206

As discussed in Note 2, the Parent Company applied staggered booking of 2020 allowance for credit losses amounting to ₱1.27 billion, as approved by the BSP. Had it been recognized in accordance with PFRS, the allowance for credit losses on loans and receivables as of December 31, 2022 and 2021 of the Group and the Parent Company follows:

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate*	₱67,599	₱60,835	₱2,756,351	₱2,884,785
Pension*	1	-	280,500	280,501
Mortgage and Salary*	10,393	19,995	32,227	62,615
Purchased receivable*	1	53,178	408,163	461,342
	₱77,994	₱134,008	₱3,477,241	₱3,689,243

	Parent Company			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate*	₱67,599	₱60,835	₱2,756,351	₱2,884,785
Pension*	1	-	280,500	280,501
Mortgage and Salary*	10,202	19,994	26,667	57,863
Purchased receivable*	1	53,178	408,163	461,342
	₱77,803	₱134,007	₱3,472,681	₱3,684,491

*Includes only Allowance for Credit Losses for Loans and Discounts

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate	₱96,830	₱266,594	₱2,656,679	₱3,020,103
Pension	65	2	255,704	255,771
Mortgage and Salary	22,928	16,658	61,178	100,764
Purchased receivable	437	24,200	570,780	595,417
	₱120,260	₱307,454	₱3,544,341	₱3,972,055

	Parent Company			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate	₱96,830	₱266,594	₱2,656,679	₱3,020,103
Pension	65	2	255,704	255,771
Mortgage and Salary	22,737	16,658	58,881	98,276
Purchased receivable	437	24,200	570,780	595,417
	₱120,069	₱307,454	₱3,542,044	₱3,969,567

Unquoted debt securities and sales contract receivables

Consolidated and Parent Company				
December 31, 2022				
	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2021	₱1,283	₱409	₱344	₱2,036
Newly originated assets that remained in Stage 1 as at yearend	7	-	-	7
Newly originated assets that moved out of Stage 1 as at yearend	-	-	-	-
Effect of collections and other movements in receivable balance	44	(406)	19	(343)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(1,399)	1,399	-
Impact on ECL of exposures transferred between stages	-	-	422	422
Balance at December 31, 2022	₱1,334	(₱1,396)	₱2,184	₱2,122

Consolidated and Parent Company				
December 31, 2021				
	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2020	₱404	₱-	₱1,940	₱2,344
Newly originated assets that remained in Stage 1 as at yearend	2	-	-	2
Newly originated assets that moved out of Stage 1 as at yearend	-	408	196	605
Effect of collections and other movements in receivable balance	882	-	(1,797)	(915)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	1	-	-
Transfers to Stage 3	(5)	-	5	-
Balance at December 31, 2021	₱1,283	₱409	₱344	₱2,036

Accounts receivables

The ECL on the accounts receivables of the Group and the Parent Company is based on their aging as of December 31, 2022 and 2021 are as follows:

December 31, 2022						
Age of Accounts Receivables						
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Consolidated	₱-	₱193	₱204	₱523	₱805,158	₱806,078
Parent Company	₱-	₱193	₱204	₱759	₱795,352	₱796,272

December 31, 2021						
Age of Accounts Receivables						
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Consolidated	₱-	₱295	₱112	₱759	₱735,192	₱736,358
Parent Company	₱-	₱295	₱112	₱759	₱725,386	₱726,552

Rollforward analysis of ECL on the accounts receivable as of December 31, 2022 and 2021 are as follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Balance at January 1, 2022	₱736,358	₱676,908	₱726,552	₱667,285
Provisions	69,720	59,450	69,720	59,267
Balance at December 31, 2022	₱806,078	₱736,358	₱796,272	₱726,552

Treasury financial assets

Changes in ECL allowances of treasury financial assets as of December 31, 2022 and 2021 are as follows:

	December 31, 2022			
	Due from other banks	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2022	₱402	₱1,124	₱—	₱1,526
Provisions (reversals)	—	—	—	—
Balance at December 31, 2022	₱402	₱1,124	₱—	₱1,526

	December 31, 2021			
	Due from other banks	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2021	₱622	₱1,809	₱624	₱3,055
Provisions (reversals)	(220)	(685)	(624)	(1,529)
Balance at December 31, 2021	₱402	₱1,124	₱—	₱1,526

Changes in Gross Carrying Amounts of Credit Risk Assets

The following tables show the movements in the gross carrying amounts of loans and other credit risk assets as of December 31, 2022 and 2021 (amounts in thousand):

Loans and discounts

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱8,609,058	₱526,504	₱5,292,788	₱14,428,350
Newly originated assets that remained in Stage 1 as at yearend	8,422,261	—	—	8,422,261
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	49,510	479,780	529,290
Effect of collections and other movements in receivable balance	(4,903,120)	(149,374)	(587,278)	(5,639,772)
Accounts written off	—	—	—	—
Transfers to Stage 1	207,573	—	(207,573)	—
Transfers to Stage 2	(15,706)	205,826	(190,120)	—
Transfers to Stage 3	—	(396,639)	396,639	—
Balance at December 31, 2022	₱12,320,066	₱235,827	₱5,184,236	₱17,740,129
Pension				
Balance at December 31, 2022	₱2,071,964	₱19,444	₱488,452	₱2,579,860
Newly originated assets that remained in Stage 1 as at yearend	756,760	—	—	756,760
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	4,906	8,300	13,206
Effect of collections and other movements in receivable balance	(896,393)	(9,103)	(75,128)	(980,624)
Accounts written off	—	—	—	—
Transfers to Stage 1	12,251	(9,687)	(2,564)	—
Transfers to Stage 2	(23,392)	23,392	—	—
Transfers to Stage 3	(133,265)	(5,475)	138,740	—
Balance at December 31, 2022	₱1,787,925	₱23,477	₱557,800	₱2,369,202
Mortgage and Salary				
Balance at December 31, 2021	₱3,119,366	₱145,500	₱168,731	₱3,433,597
Newly originated assets that remained in Stage 1 as at yearend	1,947,774	—	—	1,947,774
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	27,772	11,371	39,143
Effect of collections and other movements in receivable balance	(1,119,535)	(27,410)	(61,208)	(1,208,153)
Accounts written-off	—	—	(2,399)	(2,399)
Transfers to Stage 1	111,512	(63,706)	(47,806)	—
Transfers to Stage 2	(55,571)	61,944	(6,373)	—
Transfers to Stage 3	(48,187)	(19,731)	67,918	—
Balance at December 31, 2022	₱3,955,359	₱124,369	₱130,234	₱4,209,962
Purchased Receivable				
Balance at December 31, 2021	₱144,682	₱111,798	₱669,653	₱926,133

(Forward)

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	-	-	-
Effect of collections and other movements in receivable balance	(107,187)	(57,424)	(24,509)	(189,120)
Accounts written-off	-	-	-	-
Transfers to Stage 1	233	(74)	(159)	-
Transfers to Stage 2	(26,870)	119,943	(93,073)	-
Transfers to Stage 3	(10,696)	(22,346)	33,042	-
Balance at December 31, 2022	₱162	₱151,897	₱584,954	₱737,013
Total Loans and Discounts				
Balance at December 31, 2021	₱13,945,070	₱803,246	₱6,619,624	₱21,367,940
Newly originated assets that remained in Stage 1 as at yearend	11,126,795	-	-	11,126,795
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	82,188	499,451	581,639
Effect of collections and other movements in receivable balance	(7,026,235)	(243,311)	(748,123)	(8,017,669)
Recoveries and transfers	-	-	(2,399)	(2,399)
Accounts written off	-	-	-	-
Transfers to Stage 1	331,569	(73,467)	(258,102)	-
Transfers to Stage 2	(121,539)	411,105	(289,566)	-
Transfers to Stage 3	(192,148)	(444,191)	636,339	-
Balance at December 31, 2022	₱18,063,512	₱535,570	₱6,457,224	₱25,056,306

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2020	₱6,862,790	₱655,062	₱5,359,999	₱12,877,851
Newly originated assets that remained in Stage 1 as at yearend	6,850,997	-	-	6,850,997
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	129,865	1,752,035	1,881,900
Effect of collections and other movements in receivable balance	(5,083,502)	(378,846)	(1,720,050)	(7,182,398)
Accounts written off	-	-	-	-
Transfers to Stage 1	475,384	(200,000)	(275,384)	-
Transfers to Stage 2	-	396,639	(396,639)	-
Transfers to Stage 3	(496,611)	(76,216)	572,827	-
Balance at December 31, 2021	₱8,609,058	₱526,504	₱5,292,788	₱14,428,350
Pension				
Balance at December 31, 2020	₱2,573,716	₱4,540	₱401,164	₱2,979,420
Newly originated assets that remained in Stage 1 as at yearend	551,126	-	-	551,126
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	10,916	9,044	19,960
Effect of collections and other movements in receivable balance	(894,038)	(4,441)	(71,649)	(970,128)
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	2,093	(139)	(1,954)	-
Transfers to Stage 2	(8,959)	10,983	(2,024)	-
Transfers to Stage 3	(151,974)	(2,415)	154,389	-
Balance at December 31, 2021	₱2,071,964	₱19,444	₱488,452	₱2,579,860
Mortgage and Salary				
Balance at December 31, 2020	₱3,056,712	₱61,858	₱167,120	₱3,285,690
Newly originated assets that remained in Stage 1 as at yearend	1,207,330	-	-	1,207,330
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	114,766	120,478	235,244
Effect of collections and other movements in receivable balance	(1,113,818)	(58,621)	(122,228)	(1,294,667)
Accounts written-off	-	-	-	-
Transfers to Stage 1	45,930	(18,506)	(27,424)	-
Transfers to Stage 2	₱ (47,599)	₱47,599	₱-	₱-
Transfers to Stage 3	(29,189)	(1,596)	30,785	-
Balance at December 31, 2021	₱3,119,366	₱145,500	₱168,731	₱3,433,597
Purchased Receivable				
Balance at December 31, 2020	₱811,382	₱353,154	₱616,468	₱1,781,004
<i>(Forward)</i>				

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	-	-	-
Effect of collections and other movements in receivable balance	(549,579)	(172,845)	(132,447)	(854,871)
Accounts written-off	-	-	-	-
Transfers to Stage 1	71,816	(58,420)	(13,396)	-
Transfers to Stage 2	(94,456)	174,857	(80,401)	-
Transfers to Stage 3	(94,481)	(184,948)	279,429	-
Balance at December 31, 2021	₱144,682	₱111,798	₱669,653	₱926,133
Total Loans and Discounts				
Balance at December 31, 2020	₱13,304,600	₱1,074,614	₱6,544,751	₱20,923,965
Newly originated assets that remained in Stage 1 as at yearend	8,609,453	-	-	8,609,453
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	255,547	1,881,557	2,137,104
Effect of collections and other movements in receivable balance	(7,640,937)	(614,753)	(2,046,374)	(10,302,064)
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	595,223	(277,065)	(318,158)	-
Transfers to Stage 2	(151,014)	630,078	(479,064)	-
Transfers to Stage 3	(772,255)	(265,175)	1,037,430	-
Balance at December 31, 2021	₱13,945,070	₱803,246	₱6,619,624	₱21,367,940

	Parent			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱8,609,058	₱526,504	₱5,292,788	₱14,428,350
Newly originated assets that remained in Stage 1 as at yearend	8,422,261	-	-	8,422,261
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	49,510	479,780	529,290
Effect of collections and other movements in receivable balance	(4,903,120)	(149,374)	(587,278)	(5,639,772)
Accounts written off	-	-	-	-
Transfers to Stage 1	207,573	-	(207,573)	-
Transfers to Stage 2	(15,706)	205,826	(190,120)	-
Transfers to Stage 3	-	(396,639)	396,639	-
Balance at December 31, 2022	₱12,320,066	₱235,827	₱5,184,236	₱17,740,129
Pension				
Balance at December 31, 2021	₱2,071,964	₱19,444	₱488,452	₱2,579,860
Newly originated assets that remained in Stage 1 as at yearend	756,760	-	-	756,760
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	4,906	8,300	13,206
Effect of collections and other movements in receivable balance	(896,393)	(9,103)	(75,128)	(980,624)
Accounts written off	-	-	-	-
Transfers to Stage 1	12,251	(9,687)	(2,564)	-
Transfers to Stage 2	(23,392)	23,392	-	-
Transfers to Stage 3	(133,265)	(5,475)	138,740	-
Balance at December 31, 2022	₱1,787,925	₱23,477	₱557,800	₱2,369,202
Mortgage and Salary				
Balance at December 31, 2021	₱3,096,264	₱145,498	₱165,072	₱3,406,834
Newly originated assets that remained in Stage 1 as at yearend	1,930,748	-	-	1,930,748
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	27,642	11,082	38,724
Effect of collections and other movements in receivable balance	(1,130,916)	(27,278)	(62,401)	(1,220,595)
Accounts written-off	-	-	(1,796)	(1,796)
Transfers to Stage 1	111,512	(63,706)	(47,806)	-
(Forward)				
Transfers to Stage 2	(55,571)	61,944	(6,373)	-
Transfers to Stage 3	(48,187)	(19,731)	67,918	-
Balance at December 31, 2022	₱3,903,850	₱124,369	₱125,696	₱4,153,915
Purchased Receivable				
Balance at December 31, 2021	₱144,682	₱111,798	₱669,653	₱926,133
(Forward)				

	Parent			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	-	-	-
Effect of collections and other movements in receivable balance	(107,187)	(57,424)	(24,509)	(189,120)
Accounts written-off	-	-	-	-
Transfers to Stage 1	233	(74)	(159)	-
Transfers to Stage 2	(26,870)	119,943	(93,073)	-
Transfers to Stage 3	(10,696)	(22,346)	33,042	-
Balance at December 31, 2022	₱162	₱151,897	₱584,954	₱737,013
Total Loans and Discounts				
Balance at December 31, 2021	₱13,921,968	₱803,244	₱6,615,965	₱21,341,177
Newly originated assets that remained in Stage 1 as at yearend	11,109,769	-	-	11,109,769
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	82,058	499,162	581,220
Effect of collections and other movements in receivable balance	(7,037,616)	(243,179)	(749,316)	(8,030,111)
Accounts written off	-	-	(1,796)	(1,796)
Transfers to Stage 1	331,569	(73,467)	(258,102)	-
Transfers to Stage 2	(121,539)	411,105	(289,566)	-
Transfers to Stage 3	(192,148)	(444,191)	636,339	-
Balance at December 31, 2022	₱18,012,003	₱535,570	₱6,452,686	₱25,000,259

	Parent			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2020	₱6,862,790	₱655,062	₱5,359,999	₱12,877,851
Newly originated assets that remained in Stage 1 as at yearend	6,850,997	-	-	6,850,997
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	129,865	1,752,035	1,881,900
Effect of collections and other movements in receivable balance	(5,083,502)	(378,846)	(1,720,050)	(7,182,398)
Accounts written off	-	-	-	-
Transfers to Stage 1	475,384	(200,000)	(275,384)	-
Transfers to Stage 2	-	396,639	(396,639)	-
Transfers to Stage 3	(496,611)	(76,216)	572,827	-
Balance at December 31, 2021	₱8,609,058	₱526,504	₱5,292,788	₱14,428,350
Pension				
Balance at December 31, 2020	₱2,573,716	₱4,540	₱401,164	₱2,979,420
Newly originated assets that remained in Stage 1 as at yearend	551,126	-	-	551,126
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	10,916	9,044	19,960
Effect of collections and other movements in receivable balance	(894,038)	(4,441)	(71,649)	(970,128)
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	2,093	(139)	(1,954)	-
Transfers to Stage 2	(8,959)	10,983	(2,024)	-
Transfers to Stage 3	(151,974)	(2,415)	154,389	-
Balance at December 31, 2021	₱2,071,964	₱19,444	₱488,452	₱2,579,860
Mortgage and Salary				
Balance at December 31, 2020	₱3,032,696	₱61,858	₱164,561	₱3,259,115
Newly originated assets that remained in Stage 1 as at yearend	1,207,330	-	-	1,207,330
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	114,766	120,478	235,244
<i>(Forward)</i>				
Effect of collections and other movements in receivable balance	(1,112,905)	(58,621)	(123,328)	(1,294,854)
Accounts written-off	-	-	-	-
Transfers to Stage 1	45,930	(18,506)	(27,424)	-
Transfers to Stage 2	(47,599)	47,599	-	-
Transfers to Stage 3	(29,189)	(1,596)	30,785	-
Balance at December 31, 2021	₱3,096,263	₱145,500	₱165,072	₱3,406,835
Purchased Receivable				
Balance at December 31, 2020	₱811,382	₱353,154	₱616,468	₱1,781,004
<i>(Forward)</i>				

	Parent			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	-	-	-
Effect of collections and other movements in receivable balance	(549,579)	(172,845)	(132,447)	(854,871)
Accounts written-off	-	-	-	-
Transfers to Stage 1	71,816	(58,420)	(13,396)	-
Transfers to Stage 2	(94,456)	174,857	(80,401)	-
Transfers to Stage 3	(94,481)	(184,948)	279,429	-
Balance at December 31, 2021	₱144,682	₱111,798	₱669,653	₱926,133
Total Loans and Discounts				
Balance at December 31, 2020	₱13,280,584	₱1,074,614	₱6,542,192	₱20,897,390
Newly originated assets that remained in Stage 1 as at yearend	8,609,453	-	-	8,609,453
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	255,547	1,881,557	2,137,104
Effect of collections and other movements in receivable balance	(7,640,023)	(614,753)	(2,047,475)	(10,302,251)
Accounts written off	-	-	(518)	(518)
Transfers to Stage 1	595,223	(277,065)	(318,158)	-
Transfers to Stage 2	(151,014)	630,078	(479,064)	-
Transfers to Stage 3	(772,255)	(265,175)	1,037,430	-
Balance at December 31, 2021	₱13,921,968	₱803,246	₱6,615,964	₱21,341,178

Unquoted debt securities, sales contract receivable, and accrued interest receivable

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2022	₱672,860	₱57,771	₱150,776	₱881,407
Newly originated assets that remained in Stage 1 as at yearend	405,788	-	-	405,788
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	688	57	745
Effect of collections and other movements in receivable balance	(484,586)	29,699	(58,046)	(512,933)
Transfers to Stage 1	2,184	(1,855)	(329)	-
Transfers to Stage 2	(6,599)	7,918	(1,319)	-
Transfers to Stage 3	(18,565)	(23,338)	41,903	-
Balance at December 31, 2022	₱571,082	₱70,883	₱133,041	₱775,007

	Consolidated			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2021	₱1,250,690	₱44,359	₱158,105	₱1,453,154
Newly originated assets that remained in Stage 1 as at yearend	39,008	-	-	39,008
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	12,996	969	13,965
Effect of collections and other movements in receivable balance	(616,812)	-	(7,908)	(624,720)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	416	(416)	-
Transfers to Stage 3	(26)	-	26	-
Balance at December 31, 2021	₱672,860	₱57,771	₱150,776	₱881,407

	Parent			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2022	₱609,735	₱57,770	₱147,221	₱814,726
Newly originated assets that remained in Stage 1 as at yearend	398,376	—	—	398,376
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	688	57	745
Effect of collections and other movements in receivable balance	(466,254)	29,699	(55,419)	(491,974)
Transfers to Stage 1	2,183	(1,854)	(329)	—
Transfers to Stage 2	(6,599)	7,918	(1,319)	—
Transfers to Stage 3	(15,472)	(23,338)	38,810	—
Balance at December 31, 2022	₱521,969	₱70,883	₱129,021	₱721,873

	Parent			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2021	₱1,170,904	₱44,358	₱154,551	₱1,369,813
Newly originated assets that remained in Stage 1 as at yearend	39,008	—	—	39,008
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	12,996	969	13,965
Effect of collections and other movements in receivable balance	(600,152)	—	(7,908)	(608,060)
Transfers to Stage 1	—	—	—	—
Transfers to Stage 2	—	416	(416)	—
Transfers to Stage 3	(26)	—	26	—
Balance at December 31, 2021	₱609,735	₱57,770	₱147,221	₱814,726

Accounts receivable and other receivables

As of December 31, 2022 and 2021, an analysis by past due status of accounts receivable and other receivables wherein the significant increase in credit risk is based only on the past due information is as follows:

	Consolidated					
	December 31, 2022					
	Number of days past due					
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Accounts receivable	₱66,379	₱2,210	₱1,013	₱1,218	₱1,125,554	₱1,196,374
Other receivables	—	—	—	—	—	—
	₱66,379	₱2,210	₱1,013	₱1,218	₱1,125,554	₱1,196,374

	Consolidated					
	December 31, 2021					
	Number of days past due					
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Accounts receivable	₱153,098	₱4,742	₱628	₱1,186	₱1,104,806	₱1,264,460
Other receivables	5,498	—	—	—	—	5,498
	₱158,596	₱4,742	₱628	₱1,186	₱1,104,806	₱1,269,958

	Parent Company					
	December 31, 2022					
	Number of days past due					
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Accounts receivable	₱62,381	₱2,184	₱744	₱1,150	₱1,124,282	₱1,190,741
Other receivables	—	—	—	—	—	—
	₱62,381	₱2,184	₱744	₱1,150	₱1,124,282	₱1,190,741

Parent Company					
December 31, 2021					
Number of days past due					
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days
Accounts receivable	₱152,552	₱4,296	₱490	₱1,139	₱1,103,731
Other receivables	5,498	—	—	—	—
	₱158,050	₱4,296	₱490	₱1,139	₱1,103,731
					₱1,267,706

Treasury financial assets

Movements in carrying amount of treasury financial assets, gross of ECL allowance, as of December 31, 2022 and 2021 are as follows:

December 31, 2022			
	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2022	₱3,699,310	₱3,674,617	₱7,373,927
New assets originated or purchased	4,513,794	8,573,170	13,086,964
Assets derecognized or repaid	(2,156,966)	(1,055,283)	(3,212,249)
Other movements	(685,720)	(22,636)	(708,089)
Balance at December 31, 2022	₱5,370,685	₱11,169,868	₱16,540,553

December 31, 2021			
	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2021	₱4,720,839	₱5,248,724	₱9,969,563
New assets originated or purchased	2,713,538	1,002,739	3,716,277
Assets derecognized or repaid	(3,678,599)	(2,501,922)	(6,180,521)
Other movements	(56,468)	(74,924)	(131,392)
Balance at December 31, 2021	₱3,699,310	₱3,674,617	₱7,373,927

In 2022, net decrease in amounts on due from BSP amounted to ₱5.29 billion for the Group and Parent Company, while net increase in amounts on due from other banks amounted to ₱256.34 million and ₱312.50 million for the Group and Parent Company, respectively.

In 2021, net increase in amounts on due from BSP amounted to ₱5.16 billion for the Group and Parent Company, while net increase in amounts on due from other banks amounted to ₱79.85 million and ₱63.63 million for the Group and Parent Company, respectively.

The SPURA has a net increase of ₱512.03 million and ₱254.82 million for the Group and Parent Company in 2022 and 2021, respectively.

14. Deposit Liabilities and Loans Payable

Deposit Liabilities

Out of the total deposit liabilities as of December 31, 2022 and 2021, 15.87% and 16.76% (for the Group) and 15.86% and 16.74% (for the Parent Company), respectively, is subject to periodic interest repricing. The remaining peso deposit liabilities earn annual fixed interest rates of 0.10% to 1.5% for the Group and the Parent Company in 2022 and 2021, while foreign currency-denominated deposit liabilities earn annual interest rates of 0.075% for the Group and the Parent Company in 2022 and 0.05% to 1.25% in 2021.

The following shows the breakdown of interest expense on deposit liabilities (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Savings	₱43,544	₱52,700	₱215,896	₱43,396	₱52,547	₱215,604
Time	126,403	123,338	135,158	126,286	123,228	135,048
Demand	32,344	30,129	32,663	32,344	30,129	32,663
	₱202,291	₱206,167	₱383,717	₱202,026	₱205,904	₱383,315

As of December 31, 2022, and 2021, non-FCDU deposit liabilities of the Parent Company are subject to required reserves equivalent to 12.00%, respectively. The required reserves shall be kept in the form of deposits maintained in the demand deposit accounts with the BSP and any government securities which are previously used as compliance until they mature. As of December 31, 2022 and 2021, required liquidity floor (additional for government deposits only) is 0.00%.

Non-FCDU deposit liabilities of NAGON are subject to required reserve equivalent to 2% in 2022 and 2021.

The total liquidity and statutory reserves of the Group and the Parent Company based on the submitted report to the BSP as of December 31, 2022 and 2021 are as follows (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Due from BSP	₱6,997,072	₱5,921,752	₱6,995,299	₱5,739,229
Government securities*	2,413,125	3,490,161	2,413,369	3,490,161
	₱9,410,197	₱9,411,913	₱9,408,668	₱9,229,390

* Government securities eligible as reserve requirement are classified as debt securities at amortized cost.

Loans Payable

IPI availed loans to finance its working capital and operations. The loans bear interest rate of 6.5% in 2022 and 2021, respectively. Interest rates are fixed for the loan term. Loans payable have various maturity dates ranging from 59 months to 65 months.

Interest expense on loans payable amounted to ₱0.33 million, ₱1.92 million and ₱3.70 million for the Group in 2022, 2021 and 2020, respectively, and ₱0.01 million for the Parent Company in 2022.

15. Accrued Taxes, Interest and Other Expenses

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Accrued operating expenses	₱238,642	₱322,865	₱234,847	₱318,614
Accrued interest	55,878	55,471	55,721	55,394
Accrued taxes	35,981	33,656	35,981	33,656
	₱330,501	₱411,992	₱326,549	₱407,664

Accrued operating expenses include accrual for various operating expenses such as payroll, repairs and maintenance, utilities, rental, insurance and contractual services.

16. Other Liabilities

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Accounts payable (Note 25)	₱360,106	₱348,930	₱276,033	₱272,755
Due to Treasurer of the Philippines	513,192	513,213	513,192	513,213
Other dormant credits (Note 26)	371,006	238,289	371,006	238,288
Dividends payable (Note 30)	257,672	257,796	257,672	257,796
Provision for probable losses (Note 26)	14,277	15,640	14,277	15,640
Withholding tax payable	12,424	22,366	11,735	21,649
Payment order payable	3,754	3,376	3,754	3,376
Deferred tax liabilities (Note 21)	1,168	1,168	-	-
Others	86,201	69,489	86,116	64,958
	₱1,619,800	₱1,470,267	₱1,533,785	₱1,387,675

17. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities as to whether they are expected to be recovered or settled in less than 12 months or over 12 months from reporting date (amounts in thousands):

	December 31, 2022					
	Consolidated			Parent Company		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial Assets						
Cash and other cash items	₱934,496	₱-	₱934,496	₱933,329	₱-	₱933,329
Due from BSP	11,902,072	-	11,902,072	11,900,299	-	11,900,299
Due from other banks	1,157,539	-	1,157,539	1,104,973	-	1,104,973
IBLR and SPURA	2,755,738	-	2,755,738	2,755,738	-	2,755,738
Financial assets at FVTPL	-	104,907	104,907	-	104,907	104,907
Financial assets at FVOCI	607,629	4,948,396	5,556,025	607,629	4,948,396	5,556,025
Debt securities at amortized cost	397,423	10,772,445	11,169,868	397,423	10,772,445	11,169,868
Loans and receivables	13,630,482	13,397,295	27,027,687	13,600,237	13,312,636	26,912,873
	31,385,379	29,222,953	60,608,332	31,299,628	29,138,384	60,438,012
Nonfinancial Assets						
Investments in subsidiaries	₱-	₱-	₱-	₱-	₱153,119	₱153,119
Bank premises, furniture, fixtures and equipment	-	1,041,628	1,041,628	-	1,074,550	1,074,550
Investment properties	-	2,505,689	2,505,689	-	2,516,765	2,516,765
Deferred tax assets	-	359,223	359,223	-	359,223	359,223
Other assets	500,404	1,556,553	2,056,957	424,916	1,502,132	1,927,048
	500,404	5,463,073	5,963,477	424,916	5,605,789	6,030,705
Less: Allowance for impairment and credit losses*	-	-	(5,334,250)	-	-	(5,315,579)
Total Assets	31,885,783	34,686,026	61,237,559	31,724,544	34,744,173	61,153,138
Financial Liabilities						
Deposit liabilities	₱53,670,248	₱2,524,738	₱56,194,986	₱53,678,947	₱2,522,338	₱56,201,285
Loans payable	-	-	-	-	-	-
Lease liability	45,176	195,442	240,618	45,176	195,442	240,618
Manager's checks	57,867	-	57,867	57,867	-	57,867
Accrued interest and other expenses	236,966	-	236,966	233,476	-	233,476
Other liabilities	648,233	934,932	1,583,165	563,471	934,932	1,498,403
	54,658,490	3,655,112	58,313,602	54,578,937	3,652,712	58,231,649
Nonfinancial Liabilities						
Accrued taxes and other expenses	93,536	-	93,536	93,073	-	93,073
Income tax payable	15,147	-	15,147	14,052	-	14,052
Other liabilities	35,466	1,168	36,634	35,381	-	35,381
	144,149	1,168	145,317	142,506	-	142,506
	₱54,802,639	₱3,656,280	₱58,458,919	₱54,721,443	₱3,652,712	₱58,374,155

*Note: Allowance for impairment and credit losses for debt securities at FVOCI is recognized in OCI as an accumulated impairment amount.

	December 31, 2021					
	Consolidated			Parent Company		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial Assets						
Cash and other cash items	₱982,683	₱-	₱982,683	₱981,669	₱-	₱981,669
Due from BSP	17,192,355	-	17,192,355	17,190,543	-	17,190,543
Due from other banks	901,203	-	901,203	792,471	-	792,471
IBLR and SPURA	3,267,763	-	3,267,763	3,267,763	-	3,267,763
Financial assets at FVTPL	8,466	133,749	142,215	8,466	133,749	142,215
Financial assets at FVOCI	734,506	3,122,980	3,857,486	734,506	3,122,980	3,857,486
Debt securities at amortized cost	1,055,283	2,619,334	3,674,617	1,055,283	2,619,334	3,674,617
Loans and receivables	7,068,482	16,450,824	23,519,306	7,062,161	16,361,449	23,423,610
(Forward)						

	December 31, 2021					
	Consolidated			Parent Company		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Nonfinancial Assets	31,210,741	22,326,887	53,537,628	31,092,862	22,237,512	53,330,374
Investments in subsidiaries	—	—	—	—	—	—
Bank premises, furniture, fixtures and equipment	—	1,085,492	1,085,492	—	1,117,127	1,117,127
Investment properties	—	2,281,138	2,281,138	—	2,292,213	2,292,213
Deferred tax assets	—	287,451	287,451	—	287,451	287,451
Other assets	441,523	1,125,905	1,567,428	435,380	1,051,179	1,486,559
	441,523	4,779,986	5,221,509	435,380	4,897,241	5,332,621
	31,652,264	27,106,873	58,759,137	31,528,242	27,134,753	58,662,995
Less: Allowance for impairment and credit losses*	—	—	(5,067,519)	—	—	(5,051,186)
Total Assets	₱31,652,264	₱27,106,873	₱53,691,618	₱31,528,242	₱27,134,753	₱53,611,809
Financial Liabilities						
Deposit liabilities	₱46,088,779	₱2,638,326	₱48,727,105	₱46,108,732	₱ 2,636,299	₱48,745,031
Loans payable	10,940	—	10,940	—	—	—
Lease liability	2,771	266,754	269,525	2,771	266,754	269,525
Manager's checks	48,663	—	48,663	48,663	—	48,663
Accrued interest and other expenses	327,901	—	327,901	324,078	—	324,078
Other liabilities	648,105	792,525	1,440,630	571,212	792,525	1,363,737
	47,127,159	3,697,605	50,824,764	47,055,456	3,695,578	50,751,034
Nonfinancial Liabilities						
Accrued taxes and other expenses	84,091	—	84,091	83,586	—	83,586
Income tax payable	162	—	162	20	—	20
Other liabilities	28,469	1,168	29,637	23,937	—	23,937
	112,722	1,168	113,890	107,543	—	107,543
	₱47,239,881	₱3,698,773	₱50,938,654	₱47,162,999	₱3,695,578	₱50,858,577

*Note: Allowance for impairment and credit losses for debt securities at FVOCI is recognized in OCI as an accumulated impairment amount.

18. Equity

Capital stock consists of (amounts in thousands except number of shares):

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock - 100.00 par value						
Authorized	25,000,000	₱2,500,000	4,900,000	₱490,000	4,900,000	₱490,000
Issued	3,623,043	362,304	3,622,818	362,282	3,621,522	362,152
Treasury Stock	(10,240)	(1,024)	(10,220)	(1,022)	(10,200)	(1,020)
Common Stock - 100.00 par value						
Authorized	75,000,000	7,500,000	45,100,000	4,510,000	45,100,000	4,510,000
Issued, including stock dividend distributable	23,544,233	2,354,423	23,542,658	2,354,266	23,533,586	2,353,358
Paid portion of subscribed stock	1,719,229	171,923	1,719,128	171,913	1,718,944	171,894
Treasury Stock	(2,155,608)	(377,575)	(2,155,480)	(377,562)	(2,155,352)	(377,549)

As of December 31, 2022, the Parent Company has 4,864 stockholders, owing 100 or more shares each of the Parent Company's capital stock.

The movements in the Parent Company's number of issued and outstanding shares follow (amounts in thousands except number of shares):

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock - 100.00 par value						
Authorized	25,000,000	₱2,500,000	4,900,000	₱490,000	4,900,000	₱490,000
Issued at the beginning of the year	3,622,818	362,282	3,621,522	362,152	3,621,432	362,143
Reinstatement of Capital stock	225	22	1,296	130	90	9
	3,623,043	362,304	3,622,818	362,282	3,621,522	362,152
Treasury Stock						
Balance at the beginning of the year	(10,220)	(1,022)	(10,200)	(1,020)	(10,120)	(1,012)
Acquisitions	(20)	(2)	(20)	(2)	(80)	(8)
	(10,240)	(1,024)	(10,220)	(1,022)	(10,200)	(1,020)
Issued and outstanding at end of year	3,612,803	₱361,280	3,612,598	₱ 361,260	3,611,322	₱361,132

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock - 100.00 par value						
Authorized	75,000,000	₱7,500,000	45,100,000	₱4,510,000	45,100,000	₱4,510,000
Paid-in common stock at beginning of year	23,464,430	2,346,443	23,455,283	2,345,528	23,454,623	2,345,462
Transfer to capital stock from appropriated surplus	1,575	157	9,072	907	630	63
Distribution of stock dividends	39	4	75	8	30	3
	23,466,044	2,346,604	23,464,430	2,346,443	23,455,283	2,345,528
Subscribed Capital Stock						
Balance at the beginning of the year	1,719,128	171,913	1,718,944	171,894	1,718,871	171,887
Collections	101	10	184	19	73	7
	1,719,229	171,923	1,719,128	171,913	1,718,944	171,894
Treasury Stock						
Balance at the beginning of the year	(2,155,480)	(377,562)	(2,155,352)	(377,549)	(2,154,840)	(377,498)
Acquisitions	(128)	(13)	(128)	(13)	(512)	(51)
	(2,155,608)	(377,575)	(2,155,480)	(377,562)	(2,155,352)	(377,549)
Issued and outstanding at end of year	23,029,665	2,140,953	23,028,078	₱2,140,793	23,018,875	₱2,139,874
Stock dividend distributable						
Balance at the beginning of the year	78,228	₱7,823	78,303	₱7,830	78,333	₱7,833
Distribution of stock dividends	(39)	(4)	(75)	(7)	(30)	(3)
	78,189	₱7,819	78,228	₱7,823	78,303	₱7,830

Preferred shares of stock which are non-voting shall be subscribed as provided for in the Parent Company's Charter (RA 3518). Holders of preferred shares are guaranteed a dividend of eight (8%) annually from the net profits and shall have priority in case of liquidation or insolvency.

Per the new Charter under R.A. No. 11597, the Parent Company's authorized capital stock shall be ₱10.00 billion divided into 75.00 million common shares and 25.00 million preferred shares with ₱100.00 par value per share. The 75.00 million common shares include (1) the original 510,000 common shares subscribed and fully paid by the government for and on behalf of WWII veterans, (2) the stock dividends on common shares issued to the stockholders, and (3) the common shares issued to the stockholders representing subscription on increases in the authorized capital stock, common, approved by the SEC as of the date of the effectivity of R.A. No. 11597. The unsubscribed balance shall be opened for subscription by the existing stockholders and the other veterans entitled to benefits from the new Charter. The 25.00 million preferred shares shall include the original 490,000 preferred shares subscribed and fully paid by the veterans and the stock dividends on preferred shares issued to the stockholders. The unsubscribed shares on increases in the authorized preferred capital stock approved by the SEC as of the date of the effectivity of R.A. No. 11597, shall be opened for subscription by the existing stockholders and the other veterans entitled to benefit from the new Charter.

As of December 31, 2022 and 2021, 'Capital stock' is net of 'Subscriptions receivable' amounting to ₱18.73 million and ₱18.74 million, respectively. As of December 31, 2022 and 2021, total subscribed common shares (pre-emptive rights) are 1,906,543 shares. Stock dividend distributable represents stock dividends distributable to unpaid subscribed shares. Stock dividends will be issued upon full payment of subscriptions receivables.

In 2012, the BOD approved the transfer of dividends payable amounting to ₱369.44 million, which remained unclaimed for more than five years by shareholders whose existence and whereabouts could not be ascertained, to 'Appropriated surplus'. In the event that any of the unlocated shareholders or their compulsory heirs should appear, the Office of the Board Secretary, subject to approval by the BOD, shall issue in their favor the accumulated cash dividends. In 2022, 2021 and 2020, the Parent Company paid ₱0.18 million, ₱1.04 million, and ₱0.07 million, respectively, of dividends taken out from appropriated surplus. The amount of ₱1.04 million and ₱361.80 million recorded as appropriated surplus, an equity account, is excluded in the Parent Company's calculation of 'unimpaired capital' (regulatory net worth) as of December 31, 2022 and 2021, respectively as reflected in Note 4. The amount is also excluded in the determination of surplus available for dividend declaration as of December 31, 2022 and 2021.

The Parent Company is continuously searching for the whereabouts of the veteran-shareholders whose existence and whereabouts cannot be ascertained and/or their families through various World War II veteran associations and other organizations and channels that are and will be approved by the BOD.

In 2022, 2021 and 2020, there are no declared cash dividends out of its retained earnings for distribution to existing stockholders.

Under the General Banking Law of 2000, treasury shares such as the reacquired shares by the Parent Company must be sold or disposed at a public or private sale within six months from the date of acquisition. R.A No. 11597, *An Act Providing for the Revised Charter of the Philippine Veterans Bank* expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Bank provided that the veterans shall at all times retain majority of the shares.

As of December 31, 2022 and 2021, surplus is restricted for the payment of dividends to the extent of the cost of shares held in treasury amounting to ₱378.60 million and ₱378.58 million, respectively. On November 22, 2017, the Parent Company obtained approval from its stockholders to increase its authorized capital stock (ACS) to 7.00 billion. However, the Parent Company did not push through with the filing of the application for approval of the amended Articles of Incorporation with SEC and BSP as the Parent Company was not able to generate enough subscriptions in the stock rights offering in 2019 to comply with the required 25% subscribed and 25% paid-up capital to cover the proposed increase in the ACS. Instead, the subscriptions in 2019, which were booked as deposit on subscriptions, will be considered as subscriptions in the increase in the ACS from 5 billion to 10 billion as provided for in the new PVB Charter (R.A. 11597). This was approved by the BOD of the Parent Company in its regular meeting on March 16, 2022.

On October 23, 2020, the BOD approved the amendments to the Amended Articles of Incorporation and By-Laws in relation to the Parent Company's preferred shares which was also ratified by the stockholders on November 20, 2020. The amendments to the Amended Articles of Incorporation include the following: Article V, Sections 1, 2 & 3: "The preferred shares shall be non-voting and shall have the priority in case of liquidation or insolvency. The preferred shares shall be classified as "Series A Preferred Shares" and "Series B Preferred Shares". The Series A preferred shares of stock which are non-voting shall be guaranteed a dividend of eight percent (8%) annually from the net profits and shall have the priority in case of liquidation or insolvency. The Series B preferred shares of stock which shall be non-voting shall have the priority in case of liquidation or insolvency. The Series B preferred shares of stock may or may not be cumulative, may or may not be participating or may or may not be redeemable, in each case as may be determined by the BOD.

The Series B preferred shares of stock may be issued from time to time in one or more issuances as may be determined by the BOD. The BOD shall have the authority to establish and designate each particular issuance or subseries of Series B preferred shares, to fix the number of shares to be included in each of such issuance or subseries, and to determine the dividend rate, issue price and other features as well as other terms and conditions for each issuance or subseries of shares.

19. Retirement Plan

The Parent Company has a funded noncontributory defined benefit retirement plan (the Plan) covering substantially all its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The Plan also covers pre-retirement death benefit, disability benefit and voluntary and involuntary separation after satisfying certain conditions. The retirement plans of the subsidiaries are not material to the consolidated financial statements taken as a whole.

Under the existing regulatory framework, RA 7641, *The Philippine Retirement Pay Law*, requires companies with at least ten (10) employees to pay retirement benefits to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The amount of net retirement asset recognized under 'Other assets' in the statement of financial position is as follows (amounts in thousands):

	2022	2021
Present value of retirement obligation	₱323,439	₱393,644
Fair value of plan assets	520,814	467,521
	₱197,375	₱73,877

Changes in the present value of the defined benefit obligation as of December 31, 2022 and 2021 follow (amounts in thousands):

	2022	2021
Balance at beginning of year	₱393,644	₱453,626
Current service cost	40,648	47,378
Interest cost	20,006	17,272
Remeasurement gains arising from:		
Changes in financial assumptions	(55,061)	(58,277)
Experience adjustments	(64,993)	(41,367)
Benefits paid	(10,805)	(24,988)
Balance at end of year	₱323,439	₱393,644

Changes in fair value of plan assets are as follows (amounts in thousands):

	2022	2021
Balance at beginning of year	₱467,521	₱457,166
Contributions	66,343	34,938
Interest income	25,465	18,089
Remeasurement losses	(27,710)	(17,684)
Benefits paid	(10,805)	(24,988)
Balance at end of year	₱520,814	₱467,521

The fair value of plan assets by each class are as follows (amounts in thousands):

	2022	2021
Investment in government securities	₱393,953	₱342,530
Investment in private securities	34,609	63,883
Deposits in bank (Note 25)	90,048	59,355
Others	2,204	1,753
	₱520,814	₱467,521

The Parent Company's plan assets are carried at fair value. Investments in government and private securities and shares of stocks have quoted prices in active market. The fair value of other assets, which include accrued interest and other receivables, approximate carrying amount due to the short-term nature of these accounts. The plan assets are managed by the Parent Company's Trust Department.

The costs of defined benefit retirement plans as well as the present value of the benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used are shown below:

	2022	2021
Discount rate		
At January 1	5.10%	3.89%
At December 31	7.16%	5.10%
Future salary increases	8.00%	8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022 and 2021, assuming all other assumptions were held constant (amounts in thousands):

		Increase (decrease) in defined benefit obligation	
Assumption		2022	2021
Discount rate	+100 bps	(₱22,007)	(₱40,098)
	-100 bps	24,960	47,246
Salary rate	+100 bps	26,049	47,304
	-100 bps	(23,379)	(40,975)

The amounts included in 'Compensation and fringe benefits' expense in the statement of income and in the other comprehensive income in respect of the defined benefit post-employment plan of the Parent Company follow (amounts in thousands):

	2022	2021	2020
Current service cost	₱40,648	₱47,378	₱36,297
Net interest income	(5,460)	(817)	(2,538)
Total amount reported in profit or loss	₱35,188	₱46,561	₱33,759
	2022	2021	2020
Remeasurement effects:			
Actuarial gain/(loss) due to liability experience	₱120,054	₱99,644	(₱49,020)
Gains/(losses) on return on plan assets	(27,711)	(17,684)	14,937
Total amount reported in OCI	₱92,343	₱81,960	(₱34,083)

The average duration of the retirement liability is 9.90 years and 18.90 years in 2022 and 2021, respectively. Maturity analysis of the undiscounted benefit payments follows (amounts in thousands):

	2022			2021		
	Normal Retirement	Other than Normal Retirement	Total	Normal Retirement	Other than Normal Retirement	Total
Less than one year	₱15,154	₱24,105	₱39,259	₱3,009	₱11,482	₱14,491
More than one to five years	43,331	99,429	142,760	53,004	55,082	108,086
More than five to 10 years	94,633	148,762	243,395	107,269	100,984	208,253
More than 10 to 15 years	157,018	132,422	289,440	297,971	110,641	408,612
More than 15 to 20 years	121,593	108,206	229,799	229,999	106,349	336,348
More than 20 years	257,346	116,941	374,287	839,064	174,209	1,013,273
	₱689,075	₱629,865	₱1,318,940	₱1,530,316	₱558,747	₱2,089,063

As of December 31, 2022, the plan of the Bank is overfunded by P197.37 million based on the latest actuarial valuation report. The Bank does not expect to contribute to the retirement benefit plans in 2023.

20. Leases

Parent Company as a lessee

The Parent Company's branches and some head office units have lease contracts for their office premises used in their operations. Leases of office premises generally have lease terms between 5 and 50 years. The lease contracts include escalation clauses ranging from 5.00% to 10.00% in 2022 and 2021. There are several lease contracts that include renewal and termination options.

The Parent Company also has certain leases of equipment with low value. The Parent Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in the statement of income (amounts in thousands):

	2022	2021	2020
Depreciation expense of right-of-use assets included in property and equipment (Note 10)	₱51,615	₱54,316	₱53,686
Interest expense on lease liabilities	25,826	27,036	23,501
Expenses relating to leases of low-value assets (included in Occupancy expenses)	36,027	30,483	17,602
Total amount recognized in statement of income	₱113,468	₱111,835	₱94,789

The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of year	₱269,525	227,305
Additions	25,766	89,410
Payments	(66,912)	(69,211)
Interest expense	25,826	27,036
Modification	(14,148)	(5,369)
Cumulative translation adjustment	561	354
Balance at end of year	₱240,618	₱269,525

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
One year	₱67,100	₱64,791
More than one year to two years	54,996	63,521
More than two years to three years	44,765	52,173
More than three years to four years	32,368	43,428
More than four years to five years	28,926	32,712
More than five years	844,051	867,409
Total undiscounted lease payments	₱1,072,206	₱1,124,034

Parent Company as a lessor

Total rent income earned by the Group amounted to ₱6.77 million, ₱5.03 million and ₱4.51 million in 2022, 2021 and 2020, respectively. Total rent income earned by the Parent Company amounted to ₱6.77 million, ₱4.97 million and ₱4.51 million in 2022, 2021 and 2020, respectively. Rent income is included under 'Other operating income' in the statement of income.

Future minimum rental receivables under operating leases for the Group and the Parent Company are as follow (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Within one year	₱3,339	₱3,026	₱3,339	₱3,026
After one year but not more than five years	6,264	5,455	6,264	5,455
More than five years	3,879	20	3,879	20
	₱13,482	₱8,501	₱13,482	₱8,501

21. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its domestic 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 (GRT) and documentary stamp taxes. Income taxes include corporate income tax, as discussed below, and final taxes paid which represent final withholding tax on gross interest income from government securities and other deposit substitutes and income from FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the statements of income.

On March 26, 2021, Republic Act (RA) 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 this Act, 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 Act.

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 Regulation (RR) No. 25-2020.

Applying the provisions of the CREATE Act, the Parent Company is subjected to lower regular corporate income tax rate effective July 1, 2020.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company's net revenue.

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% in 2022 and 2021. Income derived by the FCDU from foreign currency 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.

Provision for income tax consists of (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Current:						
Final taxes	₱168,467	₱127,817	₱152,965	₱168,282	₱127,623	₱152,591
MCIT	14,172	8,383	31,957	14,052	8,297	31,391
RCIT	4,154	2,825	4,333	89	86	71
	186,793	139,025	189,255	182,423	136,006	184,053
Deferred	(94,857)	33,020	22,066	(94,857)	33,020	16,925
	₱91,936	₱172,045	₱211,321	₱87,566	₱169,026	₱200,978

The components of net deferred tax assets follow (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Deferred tax assets on:				
Allowance for impairment and credit losses	₱321,812	₱317,001	₱321,812	₱316,467
NOLCO	143,393	—	143,393	—
MCIT	30,197	—	30,197	—
	495,402	317,001	495,402	316,467
Deferred tax liabilities on:				
Net retirement asset	(46,933)	(18,469)	(46,933)	(18,469)
Gains on asset foreclosures and dacion transactions, net of accumulated depreciation	(89,246)	(10,546)	(89,246)	(10,546)
Unamortized origination cost	—	(4)	—	—
Unamortized real estate sales	—	—	—	—
Rent receivable and others	—	(529)	—	—
Unrealized foreign exchange (gain)	—	(2)	—	—
Fair value adjustments on net liabilities of NAGON	(1,168)	(1,168)	—	—
	(137,347)	(30,718)	(136,179)	(29,015)
	₱358,055	₱286,283	₱359,223	₱287,452

The net deferred tax assets are presented in the following accounts (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Deferred tax assets	₱359,223	₱287,451	₱359,223	₱287,451
Deferred tax liabilities (included under 'Other liabilities' - Note 16)	(1,168)	(1,168)	-	-
	₱358,055	₱286,283	₱359,223	₱287,451

As of December 31, 2022 and 2021, the Group and the Parent Company did not recognize deferred tax assets on the following temporary differences (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Allowance for impairment and credit losses	₱4,511,599	₱3,789,403	₱4,522,420	₱3,783,443
NOLCO	6,534	171,546	-	166,552
Provision for expenses	207,502	195,028	207,502	195,028
MCIT	24,315	86,722	23,543	85,447
Unamortized past service cost	11,037	16,322	11,037	16,322
Leases	35,383	25,588	35,383	25,588
Unrealized forex loss	11,818	8,370	11,818	8,370
Net retirement asset	93	505	-	-
Collection fee	100	501	-	-
Trading loss on financial assets at FVTPL	15,121	144	15,121	144
	₱4,823,502	₱4,294,129	₱4,805,445	₱4,280,894

Provision for (benefit from) deferred tax on remeasurements of retirement plan of the Group and the Parent Company amounting to (₱23.09) million, (₱24.47) million, and ₱10.22 million in 2022, 2021, and 2020, respectively, is charged (credited) directly to OCI.

Details of the Group's NOLCO follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱413,164	₱-	₱413,164	2025
2021	128,516	-	128,516	2026
2020	41,939	-	41,939	2025
2019	1,090	(1,090)	-	2022
	₱584,709	(₱1,090)	₱583,619	

Details of the Parent Company's NOLCO follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱407,023	₱-	₱407,023	2025
2021	127,507	-	127,507	2026
2020	39,044	-	39,044	2025
	₱573,574	₱-	₱573,574	

Details of the Group's MCIT follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱14,172	₱-	₱14,172	2025
2021	16,372	-	16,372	2024
2020*	23,968	-	23,968	2023
2019	46,382	(46,832)	-	2022
	₱100,894	(₱46,832)	₱54,062	

*After impact of CREATE

Details of the Parent Company's MCIT follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱14,052	₱	₱14,052	2025
2021	16,145	—	16,145	2024
2020*	23,543	—	23,543	2023
2019	45,759	(45,759)	—	2022
	₱99,499	(₱45,759)	₱53,740	

*After impact of CREATE

The reconciliation of the provision for income tax computed at statutory tax rate to the provision for income tax presented in the statement of income follows (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Statutory income tax	₱93,247	(₱216,058)	(₱171,266)	₱88,875	(₱221,725)	(₱174,347)
Tax effects of:						
Nondeductible expenses	80,515	49,472	41,933	80,503	49,328	41,667
Change in unrecognized deferred tax assets	(72,205)	252,609	250,362	(74,431)	255,890	243,269
Expired NOLCO and MCIT	45,759	42,327	139,595	45,759	38,789	136,116
Interest income subjected to final tax (net of nondeductible interest expense), net of tax paid	(51,716)	6,381	(15,134)	(51,657)	6,433	(14,934)
Nontaxable income	(3,760)	(5,165)	(34,316)	(1,374)	(5,165)	(30,940)
Interest income on tax-exempt investments	2	(2,656)	(160)	(203)	(156)	(160)
FCDU loss (income)	94	(24)	307	94	(24)	307
Impact of CREATE Law	—	45,159	—	—	45,656	—
Effective income tax	₱91,936	₱172,045	₱211,321	₱87,566	₱169,026	₱200,978

22. Disposition of Net Income

As provided for in the Parent Company's by-laws, the profit distributable to common shares shall be the Parent Company's net income reduced by the following:

- Transfer to the surplus reserves account (20% of net income) until the surplus reserves is equal to the Parent Company's authorized capital stock;
- Guaranteed earnings of the preferred shares (see Note 18) and the 10% dividends on common shares; and
- Appropriation of 20% of net income, or 30 million, whichever is lower after deducting (a) and (b) above, to the veteran shareholders through the Board of Trustees of the Veterans of World War II, as provided in Section 23 of RA 11597. No distributions were made to the Board of Trustees of Veterans of World War II for the years 2022 and 2021.

Also, as required by the BSP, the Parent Company transfers 10% of its income from trust operations to surplus reserves (see Note 24).

23. Financial Performance

The basic earnings (loss) per share of the Group is computed as follows (amounts and shares in thousands except earnings (loss) per share):

	2022	2021	2020
a. Net income (loss) attributable to equity holders of the Parent Company	₱267,934	(₱1,055,926)	(₱782,137)
b. Weighted average number of outstanding common shares	23,107	23,103	23,097
c. Basic earnings (losses) per common share [a/b]	₱11.60	(₱45.71)	(₱33.86)

There were no dilutive potential common shares in 2022, 2021 and 2020.

24. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacities for clients and beneficiaries amounting to ₱6.30 billion and ₱4.73 billion as of December 31, 2022 and 2021, respectively, are not included in the accompanying statement of financial position since these are not assets of the Parent Company.

Government securities with total face value of ₱75.0 million and ₱63.00 million as of December 31, 2022 and 2021, respectively, and with total carrying value of ₱74.61 million and ₱62.71 million (included in financial assets at FVOCI) as of December 31, 2022 and 2021, respectively, are deposited with the BSP in compliance with existing banking regulations relative to the Parent Company's trust functions. Also, as required by the BSP, the Parent Company transfers 10% of income from trust operations to surplus reserves until it amounts to 20% of the Parent Company's authorized capital stock and no part of such surplus reserves shall at any time be paid out in dividends, but losses in the course of its business may be charged against such surplus.

Income from trust operations amounted to ₱12.84 million, ₱12.64 million and ₱12.88 million in 2022, 2021 and 2020, respectively.

25. Related Party Transactions

The transactions of the Parent Company with its subsidiaries consist mainly of regular banking transactions, project management and property development, advances for payment of various operating expenses, assignment of loans, and transfer of assets in exchange of the subsidiaries' shares of stocks.

The intercompany transactions and outstanding balances below of the Parent Company with the subsidiaries are reflected in the parent company financial statements. The transactions and balances with the subsidiaries are eliminated in the consolidated financial statements.

Related party transactions of the Parent Company by category of related party are presented below (amounts in thousands).

December 31, 2022			
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
IPI			
Deposit liabilities		₱35,732	Savings and demand deposit accounts earning interest of 0.10% annually
Deposits	₱40,233		
Withdrawals	43,194		
Accounts payable		176	Retention fee/progress billing/site inspection in connection with the construction/renovation projects
Interest expense	22		Interest on deposit liabilities
IIAI			
Deposit liabilities		24,942	Savings and demand deposit account earning interest of 0.10% annually
Deposits	192,622		
Withdrawals	197,987		
Accounts payable		330	Insurance premium due from the Parent Company for the insurance requirements
Interest expense	38		Interest expense on deposit liabilities
NAGON			
Deposit liabilities		1,277	Savings and demand deposit account earning interest of 0.10% annually
Deposits	77,591		
Withdrawals	78,842		
Due from other banks		3,034	Savings account (dormant account)
Service fees	146		Service fees for managing the loans receivable sold to NAGON
Accounts Receivable		147	
Interest expense	7		Interest expense on deposit liabilities
Interest income			Interest income on due from other banks
Directors and Officers			
Loans and receivables		30,187	Loans to officers of the Parent Company
Interest income	2,128		Interest income on loans to officers of the Parent Company
Director fees	18,180		Fees to the Parent Company's directors
December 31, 2021			
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
IPI			
Deposit liabilities		₱38,666	Savings and demand deposit accounts earning interest of 0.10% annually
Deposits	₱73,020		
Withdrawals	68,328		
Accounts payable		123	Retention fee/progress billing/site inspection in connection with the construction/renovation projects
Interest expense	28		Interest on deposit liabilities
IIAI			
Deposit liabilities		30,276	Savings and demand deposit account earning interest of 0.10% annually
Deposits	183,826		
Withdrawals	173,578		
Accounts payable		80	Insurance premium due from the Parent Company for the insurance requirements
Interest expense	26		Interest expense on deposit liabilities
NAGON			
Deposit liabilities		2,522	Savings and demand deposit account earning interest of 0.10% annually
Deposits	35,216		
Withdrawals	37,497		
Due from other banks		3,034	Savings account
Service fees	120		Service fees for managing the loans receivable sold to NAGON
Accounts Receivable		5	
Interest expense	6		Interest expense on deposit liabilities
Interest income			Interest income on due from other banks
Directors and Officers			
Loans and receivables		32,813	Loans to officers of the Parent Company
Interest income	3,091		Interest income on loans to officers of the Parent Company
Director fees	21,493		Fees to the Parent Company's directors

December 31, 2020			
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
IPI			
Deposit liabilities		₱33,945	Savings and demand deposit accounts earning interest of 0.13% annually
Deposits	₱128,126		
Withdrawals	113,789		
Accounts payable		267	Retention fee in connection with the construction/renovation projects
Interest expense	30		Interest on deposit liabilities
IIAI			
Deposit liabilities		20,007	Savings and demand deposit account earning interest of 0.13% annually
Deposits	180,653		
Withdrawals	187,308		
Accounts payable		785	Insurance premium due from the Parent Company for the insurance requirements
Interest expense	28		Interest expense on deposit liabilities
NAGON			
Deposit liabilities		₱4,798	Savings and demand deposit account earning interest of 0.13% annually
Deposits	₱77,278		
Withdrawals	73,074		
Due from other banks		3,034	Savings account earning interest of 0.13%
Service fees	24		Service fees for managing the loans receivable sold to NAGON
Accounts Receivable		24	
Interest expense	5		Interest expense on deposit liabilities
Interest income	2		Interest income on due from other banks
Directors and Officers			
Loans and receivables		32,741	Secured long-term employee loans with interest rates ranging from 6% to 7%
Interest income	1,178		Interest income on loans to officers of the Parent Company
Director fees	21,823		Fees to the Parent Company's directors

Service Contract with IPI

IPI provides services to the Parent Company which consists principally of agreement for providing architectural and engineering design services, project management and property development studies relative to the Parent Company's branch construction and renovation projects. In 2022, 2021, and 2020, IPI earned ₱4.81 million, ₱6.18 million, and ₱4.55 million, respectively, from the Service Contract with the Parent Company.

Service Level Agreement with IIAI

In November 2019, the Parent Company entered into a Service Level Agreement with IIAI, wherein the latter shall act as the authorized insurance agent for the insurance requirements of the former whether life or non-life. IIAI shall also serve as the primary procurement channel for the Parent Company's insurance requirements.

Agreement with Insurance Company with a Common Director

In 2016, the Parent Company entered into an agreement with a company with a common director (the Insurance Company) covering the credit redemption insurance of the Parent Company's pension and salary loan borrowers. Under the agreement, the Parent Company shall facilitate the collection and remittance of the insurance payments of the pension and salary loan borrowers to the Insurance Company, and in return, the Insurance Company shall pay a service fee.

Sale of Loans to NAGON and Management Agreement with NAGON

In 2017, the Parent Company and NAGON entered into a Deed of Assignment wherein the Parent Company sold 1,402 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱70.45 million. As of December 31, 2022 and 2021 the outstanding principal value of the receivable from the deed of assignment amounted to ₱0.56 million.

In September 2020, the Parent Company and NAGON entered again into a Deed of Assignment wherein the Parent Company sold 182 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱26.00 million. As of December 31, 2022 and 2021, the outstanding principal value of the receivable from the deed of assignment amounted to ₱3.70 million and ₱11.28 million, respectively.

Further, in March 2021, the Parent Company and NAGON entered into a Deed of Assignment wherein the Parent Company sold 94 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱15.00 million. As of December 31, 2022 and 2021, the outstanding principal value of the receivable from the deed of assignment amounted to ₱4.20 million and ₱10.52 million, respectively.

In 2022, the Parent Company and NAGON entered into three separate Deed of Assignment wherein the Parent Company sold a total of 291 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱53.25 million. As of December 31, 2022, the outstanding principal value of the receivable from the deed of assignment amounted to ₱37.98 million.

The assignment includes all rights, title, and interest in and to the principal, interests, penalties, and charges thereon, as well as rights, claims, powers and privileges arising or related thereto for a total consideration equivalent to the outstanding principal value of the receivables.

Transactions with Retirement Plan

The Parent Company considers its post-employment benefit plan as a related party. The retirement plan is administered by the Parent Company's Trust and Asset Management Division. As of December 31, 2022 and 2021, the carrying value of the fund assets of the plan amounted to ₱520.81 million and ₱467.52 million, respectively (see Note 19).

The following are the amounts recognized by the Parent Company from transactions with its retirement plan (amounts in thousands):

	2022	2021	2020
Trust fees	₱1,869	₱1,732	₱1,677
Interest expense	16,962	14,399	17,516
Contributions paid	66,343	34,938	39,202

Compensation of Key Management Personnel

The remuneration of directors and other members of key management of the Group and the Parent Company are as follows (amounts in thousands):

	2022	2021	2020
Short-term benefits	₱75,463	₱72,273	₱72,099
Post-employment benefits	8,689	5,816	6,009
	₱84,152	₱78,089	₱78,108

The Parent Company provides financial assistance to the Board of Trustees of the Veterans of World War II to cover its basic operational expenses and utilities. For the years 2022, 2021, and 2020, total donations amounted to ₱26.90 million, ₱24.50 million, and ₱23.78 million, respectively.

26. Provisions, Commitments and Contingent Liabilities

In the normal course of business, the Group enters into various commitments and incurs certain contingent liabilities that are not presented in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group is a defendant in legal actions arising from normal business activities. Further, several suits, assessments or notices, and claims relating to the Group's operations and labor-related cases remain unsettled. Management believes that these actions are without merit or that the ultimate liability, if decided adversely, resulting from these will not materially affect the Group's financial position and operating results.

In 2022, the Group and Parent Company recognized a provision for probable losses amounting to ₱12.48 million included under 'Provision for litigation' in the statement of income. No similar cases were provided in 2021 and 2020.

The Parent Company has outstanding provisions with respect to certain cases where the Supreme Court (SC) issued separate adverse rulings. As of December 31, 2022 and 2021, total provisions recognized relating to these cases amounted to ₱21.98 million and ₱23.34 million, of which ₱14.28 million and ₱15.64 million, was recognized as 'Provision for probable losses' under 'Other liabilities and the remainder was recognized as 'Other Dormant Credits' under 'Other liabilities' (see Note 16). No specific disclosures on the above provisions are made since such specific disclosures would prejudice the Parent Company's position with the other parties with whom it is in dispute. Such exemption from disclosures is allowed under PAS 37.

On March 15, 2011, the BIR issued Revenue Regulations (RR) 4-2011, which requires banks to allocate its costs and expenses among their RBU and FCDU operations and among their different revenue streams. In 2015, the Parent Company received a Letter of Notice from the BIR which challenged the allocation method used by the Parent Company in its income tax computation. Accordingly, a consortium of 18 banks including the Parent Company applied for an issuance of a Writ of Preliminary Injunction against the enforcement, carrying out, or implementation of RR 4-2011. On April 8, 2015, the Makati Regional Trial Court (RTC) issued a TRO to enjoin BIR from enforcing, carrying out and implementing RR 4-2011 against the petitioners, including the issuance of any Preliminary Assessment Notice or Final Assessment Notice. On May 25, 2018, the Makati RTC promulgated its Decision, which renders RR 4-2011 null and void for being issued beyond the authority of the Secretary of Finance and Commissioner of Internal Revenue. On July 10, 2018, the DoF and BIR filed to the SC a Motion for Extension for Review on Certiorari, which the SC granted.

The Department of Finance ("DOF")/BIR filed a Petition for Review with the Supreme Court (a) claiming that jurisdiction over the matter lies with the Court of Tax Appeals; (b) challenging the propriety of the declaratory relief action filed by the Bank/other BAP member banks in view of the prior issuance of Preliminary Assessment Notices; and (c) arguing that public hearings are not required in all instances involving regulatory issuances. While it agreed with the DOF/BIR, the Supreme Court still denied the Petition for Review in its Decision dated December 1, 2021, as (a) RR 4-2011 violated the banks' right to decide which accounting method accurately reflects their income; (b) the questioned income streams are within the same bank/financial institutions, negating any reason to invoke Sec. 50 of the Tax Code; and (c) RR 4-2011 further added a condition for expense deductibility not found therein. The penalty imposed by RR 4-2011 also made the prior notice/hearing/publication requirement mandatory. The Supreme Court Decision became final and executory on June 7, 2022.

The following is a summary of commitments of the Group and the Parent Company at their equivalent peso contractual amounts as of December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Undrawn commitments	2,001,117	512,952
Unused commercial letters of credit	206,788	30,087

27. Bankwise, Inc. (A Thrift Bank)

On January 15, 2005, the Parent Company temporarily assumed management of Bankwise, Inc. (BWI). In February 2008, the MB approved the closure of BWI. As of closure date, the Parent Company had IBCL to BWI totaling ₱1.67 billion granted from 2004 to 2007. The Parent Company also assumed the uninsured deposits of BWI amounting to ₱918.61 million as of December 31, 2012. These were recorded as accounts receivable.

In 2008, the Parent Company recognized allowance for credit losses on certain accounts receivable from BWI amounting to ₱11.35 million. In addition, in the same year, the BSP approved that the required allowance for impairment and credit losses on IBCL amounting to ₱1.67 billion and the remaining amount of accounts receivable amounting to ₱907.26 million be deferred and amortized over 20 years as follows:

- 1.50% annual amortization for first two (2) years;
- 4.00% annual amortization for the next eight (8) years; and
- 6.50% annual amortization for the last ten (10) years

The amortization of required allowance amounted to ₱167.49 million for the years 2022, 2021 and 2020, which was charged to the opening balance of retained earnings in 2022 and statements of income in 2021 and 2020. The unamortized required allowance amounted to ₱907.24 million and ₱1.07 billion as of December 31, 2022 and 2021, respectively.

28. Operating Segments

The Group has two reportable operating segments, which are the banking business and the real estate business of IPI. This is consistent with how the Group's management internally monitors and analyzes the financial information for reporting to the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making operating decisions.

Segment information of the Group as at and for the years ended December 31, 2022, 2021 and 2020 follow (amounts in thousands):

	2022			
	Banking	Real Estate	Elimination*	Total
Statement of Income				
Interest income	₱2,296,880	₱4,158	(₱67)	₱2,300,971
Interest expense	228,190	331	(67)	228,454
Net interest income	2,068,690	3,827	-	2,072,517
Gain on sale of assets	282,105	2,877	-	284,982
Other operating income	383,513	32,832	(3,848)	412,497
Total operating income	2,734,308	39,536	(3,848)	2,769,996
Total operating expenses	2,382,072	28,128	-	2,410,200
Income (loss) before income tax	352,236	11,408	-	359,796
Provision for income tax	87,589	4,347	-	91,936
Net income (loss)	₱264,647	₱7,061	(₱3,848)	₱267,860
Statement of Financial Position				
Total assets	₱61,222,945	₱293,587	(₱278,973)	₱61,237,559
Total liabilities	58,444,376	89,015	(74,472)	58,458,919
(Forward)				

	2022			
	Banking	Real Estate	Elimination*	Total
Other Segment Information				
Equity in net earnings of subsidiaries	₱3,848	₱—	₱ (3,848)	₱—
Depreciation and amortization	438,277	2,034	—	440,311
Provision for impairment, credit and other losses	161,037	—	—	161,037
Capital expenditures	386,797	1,179	—	387,976

* The elimination column mainly represent intra-group balances and intersegment revenues from services rendered by the entities within the Group.

	2021			
	Banking	Real Estate	Elimination*	Total
Statement of Income				
Interest income	₱1,909,834	₱3,920	(₱61)	₱1,913,693
Interest expense	233,264	1,915	(61)	235,118
Net interest income	1,676,570	2,005	—	1,678,575
Gain on sale of assets	200,645	12,706	—	213,351
Other operating income	296,082	29,951	(9,698)	316,335
Total operating income	2,173,297	44,662	(9,698)	2,208,261
Total operating expenses	3,061,474	30,697	—	3,092,171
Income (loss) before income tax	(888,177)	13,965	(9,698)	(883,910)
Provision for income tax	169,032	3,013	—	172,045
Net income (loss)	(₱1,057,209)	₱10,952	(₱9,698)	(₱1,055,955)

Statement of Financial Position				
Total assets	₱53,682,185	₱290,071	(₱280,638)	₱53,691,618
Total liabilities	50,926,079	92,561	(79,986)	50,938,654

Other Segment Information				
Equity in net earnings of subsidiaries	9,698	—	(9,698)	—
Depreciation and amortization	342,334	1,827	—	344,161
Provision for impairment, credit and other losses	917,921	178	—	918,099
Capital expenditures	542,998	3,776	—	546,774

* The elimination column mainly represent intra-group balances and intersegment revenues from services rendered by the entities within the Group.

	2020			
	Banking	Real Estate	Elimination*	Total
Statement of Income				
Interest income	₱2,713,162	₱4,879	(₱63)	₱2,717,978
Interest expense	407,282	3,698	(63)	410,917
Net interest income	2,305,880	1,181	—	2,307,061
Gain on sale of assets	177,601	21,297	—	198,898
Other operating income	172,664	31,272	(5,057)	198,879
Total operating income	2,656,145	53,750	(5,057)	2,704,838
Total operating expenses	3,240,497	35,228	—	3,275,725
Income (loss) before income tax	(584,352)	18,522	(5,057)	(570,887)
Provision for income tax	200,978	10,343	—	211,321
Net income (loss)	(₱785,330)	₱8,179	(₱5,057)	(₱782,208)

Statement of Financial Position				
Total assets	₱52,595,898	₱304,311	(₱258,225)	₱52,641,984
Total liabilities	48,883,870	117,753	(67,272)	48,934,351

Other Segment Information				
Equity in net losses of subsidiaries	(3,122)	8,179	(5,057)	—
Depreciation and amortization	316,605	2,766	—	319,371
Provision for impairment, credit and other losses	832,432	1,730	—	834,162
Capital expenditures	192,675	166	—	192,841

* The elimination column mainly represent intra-group balances and intersegment revenues from services rendered by the entities within the Group.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented. The Group has no significant customers which contribute 10.00% or more of the consolidated operating income.

29. Offsetting of Financial Assets and Liabilities

The following table shows the effect of right of set-off associated with the SPURA of the Group and the Parent Company as of December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Gross carrying amount (before offsetting)	₱1,086,138	₱1,598,164
Gross amounts offset in accordance with the offsetting criteria	—	—
Net amount presented in the statement of financial position	1,086,138	1,598,164
Fair value of financial collateral	1,086,138	1,598,164
Net exposure	₱—	₱—

30. Notes to Statement of Cash Flows

The amounts of due from other banks, gross of allowance for credit losses, considered as cash and cash equivalents of the Group and Parent Company follow (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Total due from other banks	₱1,157,539	₱901,203	₱821,570	₱1,104,973	₱792,471	₱729,062

The amounts of IBLR and SPURA considered as cash and cash equivalents of the Group and Parent Company follow (amounts in thousands):

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Total IBLR and SPURA	₱1,673,976	₱2,294,526	₱2,148,228	₱1,673,976	₱2,294,526	₱2,148,228
IBLR and SPURA not considered as cash and cash equivalents	(587,838)	(696,363)	(804,886)	(587,838)	(696,363)	(804,886)
	₱1,086,138	₱1,598,163	₱1,343,342	₱1,086,138	₱1,598,163	₱1,343,342

Non-cash investing activities of the Group and Parent Company consist of acquisition of certain investment and chattel properties through foreclosure and dacion transactions amounting to ₱448.76 million in 2022; ₱120.21 million in 2021; and ₱73.89 million in 2020 (see Note 11).

Below tables show the changes in liabilities arising from financing activities (amounts in thousands):

	Consolidated			Parent Company		
	January 1, 2022	Net cash flows	December 31, 2022	January 1, 2022	Net cash flows	December 31, 2022
Loans payable (Note 14)	₱10,940	(₱10,940)	₱—	₱10,940	(₱10,940)	₱—
Dividends payable (Note 16)	257,796	(124)	257,672	257,796	(124)	257,672
	₱268,736	(₱11,064)	₱257,672	₱268,736	(₱11,064)	₱257,672

	Consolidated			Parent Company		
	January 1, 2021	Net cash flows	December 31, 2021	January 1, 2021	Net cash flows	December 31, 2021
Loans payable (Note 14)	₱32,317	(₱21,377)	₱10,940	₱—	₱—	₱—
Dividends payable (Note 16)	257,936	(140)	257,796	257,936	(140)	257,796
	₱290,253	(₱21,517)	₱268,736	₱257,936	(₱140)	₱257,796

31. Disaggregation of Service Fees and Commission

Service fees and commissions, which are covered under PFRS 15 are further disaggregated by source as follows:

	Consolidated			Parent Company		
	2022	2021	2020	2022	2021	2020
Lending	₱96,468	₱137,901	₱105,305	₱96,300	₱137,851	₱105,295
Deposits	9,482	6,403	7,459	9,481	6,401	7,424
Others	42,037	43,684	48,099	9,677	13,970	18,261
	₱147,987	₱187,988	₱160,863	₱115,458	₱158,222	₱130,980

32. Events After the Reporting Period

A. Conversion to Capital

During its February 15, 2023 regular meeting, the BOD of the Parent Company approved the conversion to capital of amounts booked as deposits for stock subscription amounting to a total of ₱4.41 million arising from the following capital-raising activities:

- 2019 Stock Rights Offering (SRO) at ₱100/share (10,182 shares)
- 2022 SRO, at ₱100/share (24,647 shares)
- 2022 Stock Subscription Offering (SSO) at ₱110/share (8,472 shares)

The approval cleared the way for an increase in the Parent Company's capital, representing the new stock subscriptions, as well as the issuance and delivery of stock certificates to new stockholders.

B. Agenda on the Special Stockholders Meeting

In its regular meeting on March 15, 2023, the BOD of the Parent Company approved the following three resolutions, which were also presented to and approved by the Parent Company's stockholders in the Special Stockholders Meeting conducted virtually on March 17, 2023:

- *Subscription Agreement between the Parent Company and RYM Business Management Corporation*

The Subscription Agreement covers the fresh equity infusion of RYM Business Management Corporation to the Parent Company at an initial amount of ₱1.8 billion. The commitment is to increase the equity contribution equivalent to 40% of the Parent Company's total capital even as the Parent Company continues its Stock Subscription Offering to the veteran community.

- *Conversion of Unclaimed Cash Dividends into Stock Dividends*

The conversion of unclaimed cash dividends, amounting to ₱361 million (as of December 31, 2022), into Stock Dividends will be beneficial to both stockholders and the Parent Company. The unclaimed cash dividends, which are non-earning, stayed in the books of the Parent Company for more than 20 years. These will be converted to shares of stock to enhance their book value and with the prospect of earning more cash dividends and stock dividends in the future. On the part of the Parent Company, the shares of stock will form part of its total capital.

- *Merger of the Parent Company and NAGON*

The merger of Parent Company and NAGON will enhance the rural banking operations of NAGON which can not be provided by the services of a commercial bank. The merger will also help in the following: (1) development of a substantial property located beside Municipal Hall of Agoncillo; and (2) establishment of the Parent Company's 62nd branch located at Agoncillo, that can access the Government deposits of Agoncillo and nearby municipalities.

33. 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 BOD on April 26, 2023.

34. Report on the Supplementary Information Required Under BSP Circular No. 1074

The BSP issued Circular No. 1074 on February 7, 2020 to amend certain provisions of the Manual of Regulations for Banks which provides for new and amended disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. In compliance with the requirements set forth by the circular, hereunder are the information:

Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and Parent Company (amounts in thousands):

	Consolidated			Parent		
	2022	2021	2020	2022	2021	2020
a. Return on Average Equity	9.68%	(32.69%)	(19.10%)	9.69%	(32.69%)	(19.10%)
Net income (loss)	₱267,860	(₱1,055,955)	(₱782,208)	₱267,934	(₱1,055,926)	(₱782,137)
Average total equity	2,765,802	3,230,299	4,095,641	2,766,108	3,230,553	4,095,846
b. Return on Average Assets	0.47%	(1.99%)	(1.39%)	0.47%	(1.99%)	(1.40%)
Net income (loss)	₱267,860	(₱1,055,955)	(₱782,208)	₱267,934	(₱1,055,926)	(₱782,137)
Average total assets	57,464,589	53,166,801	56,172,731	57,382,474	53,075,254	56,045,186
c. Net Interest Margin	4.01%	3.52%	4.58%	4.01%	3.53%	4.59%
Net interest income	₱2,072,517	₱1,678,575	₱2,307,061	2,065,397	₱1,674,507	₱2,305,792
Average interest earning assets	51,621,746	47,659,465	50,416,330	51,446,385	47,463,976	50,192,039

Description of Capital Instruments Issued

As of December 31, 2022 and 2021, the Parent Company has issued common and preferred shares.

Preferred shares of stock which are non-voting shall be subscribed as provided for in the Parent Company's Charter (RA 3518). Holders of preferred shares are guaranteed a dividend of eight (8%) annually from the net profits and shall have priority in case of liquidation or insolvency.

Significant Credit Exposures as to Industry Sector

Information on the concentration of loans and discounts as to industry of the Group and Parent Company follows (amounts in thousands):

	Consolidated			
	2022		2021	
	Amount	%	Amount	%
Salary-based and general purpose consumption	₱5,075,309	20.26	₱5,023,621	23.51
Wholesale and retail trade	4,925,297	19.66	3,927,243	18.38
Manufacturing (various industries)	3,489,366	13.93	3,885,534	18.18
Community, social and personal services	1,224,821	4.89	2,548,205	11.93
Public administration and local government	2,545,391	10.16	2,445,600	11.45
Real estate, renting and business activities	4,282,529	17.09	1,881,681	8.81
Financial intermediaries	1,571,947	6.27	728,438	3.41
Agricultural, hunting and forestry	1,410,483	5.63	245,566	1.15
Education	375,500	1.50	205,350	0.96
Construction	663	0.00	180,976	0.84
Hotel and restaurants	70,000	0.28	100,000	0.47
Electricity, gas and water	30,000	0.12	40,000	0.19
Transportation, storage and communication	—	0.00	25	0.00
Others	55,000	0.21	155,701	0.72
	₱25,056,306	100.00	₱21,367,940	100.00

	Parent Company			
	2022		2021	
	Amount	%	Amount	%
Salary-based and general purpose consumption	₱5,025,135	20.10	₱5,000,692	23.43
Wholesale and retail trade	4,921,274	19.68	3,925,003	18.39
Manufacturing (various industries)	3,489,366	13.96	3,885,534	18.21
Community, social and personal services	1,224,821	4.90	2,547,964	11.94
Public administration and local government	2,545,391	10.18	2,445,600	11.46
Real estate, renting and business activities	4,282,529	17.13	1,881,680	8.82
Financial intermediaries	1,571,947	6.29	728,438	3.41
Agricultural, hunting and forestry	1,409,083	5.64	244,776	1.15
Education	375,500	1.50	205,350	0.96
Construction	213	0.00	180,526	0.85
Hotel and restaurants	70,000	0.28	100,000	0.47
Electricity, gas and water	30,000	0.12	40,000	0.19
Transportation, storage and communication	—	0.00	25	0.00
Others	55,000	0.22	155,590	0.72
	₱25,000,259	100.00	₱21,341,178	100.00

The BSP considers that concentration of credit exists when the total loan exposure to a particular industry or economic sector exceeds 30% of total loan portfolio.

As of December 31, 2022 and 2021, the 10% of Tier 1 capital, after relief, amounted to ₱0.11 billion and ₱0.15 billion, and the table below shows the industry groups exceeding this level (amount in thousands):

	Consolidated	
	2022	2021
Salary-based and general purpose consumption	₱5,075,309	₱5,023,621
Wholesale and retail trade	4,925,297	3,927,243
Manufacturing (various industries)	3,489,366	3,885,534
Community, social and personal services	1,224,821	2,548,205
Public administration and local government	2,545,391	2,445,600
Real estate, renting and business activities	4,282,529	1,881,681
Financial intermediaries	1,571,947	728,438
Agricultural, hunting and forestry	1,410,483	245,566
Education	375,500	205,350
Construction	—	180,976

	Parent	
	2022	2021
Salary-based and general purpose consumption	₱5,025,135	₱5,000,692
Wholesale and retail trade	4,921,274	3,925,003
Manufacturing (various industries)	3,489,366	3,885,534
Community, social and personal services	1,224,821	2,547,964
Public administration and local government	2,545,391	2,445,600

(Forward)

	Parent	
	2022	2021
Real estate, renting and business activities	₱4,282,529	₱1,881,680
Financial intermediaries	1,571,947	728,438
Agricultural, hunting and forestry	1,409,083	244,776
Education	375,500	205,350
Construction	—	180,526

Breakdown of Total Loans as to Security

The following tables show information relating to loans and discounts by security of the Group and Parent Company (amounts in thousands):

	Consolidated			
	2022		2021	
	Amount	%	Amount	%
Secured by:				
Corporate surety/ guarantee	₱3,153,767	12.59	₱2,754,275	12.89
Deed of assignment	4,278,431	17.08	2,912,795	13.63
Real estate	2,477,159	9.89	1,324,177	6.20
Republic of the Philippines guarantee	900,000	3.59	900,000	4.21
Mortgage of trust indenture	100,000	0.40	100,000	0.47
Deposits hold-out	9,397	0.04	22,395	0.10
Chattel	980	0.00	1,407	0.01
Various collaterals	5,463,809	21.80	5,260,042	24.62
	16,383,543	65.39	13,275,091	62.13
Unsecured loans	8,672,763	34.61	8,092,849	37.87
	₱25,056,306	100.00	₱21,367,940	100.00

	Parent Company			
	2022		2021	
	Amount	%	Amount	%
Secured by:				
Corporate surety/ guarantee	₱3,153,767	12.61	₱2,754,275	12.91
Deed of assignment	4,278,431	17.11	2,890,430	13.54
Real estate	2,475,199	9.90	1,322,217	6.20
Republic of the Philippines guarantee	900,000	3.60	900,000	4.22
Mortgage of trust indenture	100,000	0.40	100,000	0.47
Deposit hold out	9,397	0.04	22,395	0.10
Chattel	980	0.00	1,408	0.01
Various collaterals	5,463,809	21.86	5,260,042	24.64
	16,381,583	65.52	13,250,767	62.09
Unsecured loans	8,618,676	34.48	8,090,411	37.91
	₱25,000,259	100.00	₱21,341,178	100.00

Unsecured loans and receivables pertain mostly to salary loans granted to teachers and non-teaching employees of the Department of Education and employees of local government units and pension loans to veterans of World War II and retirees of the Armed Forces of the Philippines. These loans are covered by agreements, which allow collection of monthly amortizations through salary or pension deductions.

Breakdown of Total Loans as to Status

BSP issued BSP Circular No. 772 which requires banks to compute their net nonperforming loans (NPLs) by deducting the specific allowance for credit losses on the total loan portfolio from the gross NPLs. The specific allowance for credit losses shall not be deducted from the total loan portfolio in computing the NPL ratio.

NPLs of the Group and the Parent Company follow (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Corporate	₱5,165,180	₱3,954,745	₱5,165,180	₱3,954,745
Pension	562,700	662,105	562,700	662,105
Mortgage	46,694	126,435	46,694	126,435
Salary	88,221	114,809	88,221	114,809
Others	684,235	683,032	628,189	679,584
Total NPLs	₱6,547,030	₱5,541,126	₱6,490,984	₱5,537,678

Secured and unsecured NPLs follow (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Secured	₱5,215,603	₱1,779,357	₱5,213,643	₱1,779,357
Unsecured	1,331,428	3,761,769	1,277,341	3,758,321
	₱6,547,031	₱5,541,126	₱6,490,984	₱5,537,678

In 2020, the Parent Company availed of the relief on classification to NPL, wherein eligible loans were excluded from past due and non-performing classification for regulatory reporting purposes until December 31, 2021. Had the exclusion of eligible loans from past due and non-performing classification been considered, the adjusted NPLs as of December 31, 2022 and 2021 are as follows (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Corporate	₱4,247,693	₱3,376,924	₱4,247,693	₱3,376,924
Pension	562,700	662,105	562,700	662,105
Mortgage	46,694	126,436	46,694	126,436
Salary	88,221	114,809	88,221	114,809
Others	553,844	581,761	497,797	578,313
Total NPLs	₱5,499,152	₱4,862,035	₱5,443,105	₱4,858,587

Secured and unsecured NPLs follow (amounts in thousands):

	Consolidated		Parent Company	
	2022	2021	2022	2021
Secured	₱4,298,115	₱1,201,537	₱4,296,155	₱1,201,537
Unsecured	1,201,037	3,660,498	1,146,950	3,657,050
	₱5,499,152	₱4,862,035	₱5,443,105	₱4,858,587

Loans are considered NPLs, even without any missed contractual payments, when they are deemed impaired under PFRS, classified as doubtful or loss under BSP regulations, 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 NPLs 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 shall be considered NPLs after contractual due date or after they have become past due. Restructured loans or those loans whose terms and conditions have been modified in accordance with a formal restructuring agreement that sets forth a revised schedule of payments are also considered NPLs. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. NPLs remain classified as such until 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 one year, or they are written off.

Information on Related Party Loans

In the ordinary course of business, the Group has loan transactions with certain directors, officers, stockholders and related interests (DOSRI) within limits prescribed by the BSP. These loans are made substantially on the same terms as with other individuals and businesses of comparable risks.

In the ordinary course of business, the Group has loan transactions with certain directors, officers, stockholders and related interests (DOSRI) within limits prescribed by the BSP. These loans are made substantially on the same terms as with other individuals and businesses of comparable risks.

Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book values of their respective investments in the Group. In the aggregate, loans to DOSRI generally should not exceed the lower of the total capital funds or 15.00% of the total loan portfolio. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations. As of December 31, 2022 and 2021, the Group is in compliance with these regulatory requirements.

The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts as reported to the BSP (amounts in thousands):

	2022	2021
Total outstanding DOSRI accounts	₱30,187	₱32,813
Percent of DOSRI accounts to total loans	0.12%	0.15%
Percent of unsecured DOSRI accounts to total DOSRI accounts	—	—
Percent of past due DOSRI accounts to total DOSRI accounts	—	—
Percent of nonperforming DOSRI accounts to total accounts	—	—

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of bank'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 lending bank.

Aggregate Amount of Secured Liabilities and Assets Pledged as Security

Assets pledged as security as of December 31, 2022 and 2021 is as follows (amounts in thousands):

	2022	2021
Debt securities at amortized cost	₱3,489,365	₱3,489,365

Contingencies and Commitments Arising from Off-Balance Sheet Items

The following is a summary of commitments and contingent liabilities of the Group and the Parent Company at their equivalent peso contractual amounts (amounts in thousands) as reported to the BSP:

	2022	2021
Trust department accounts	₱6,301,646	₱4,727,729
Undrawn commitments	2,001,117	512,952
Unused commercial letters of credit	206,788	30,087
Outstanding guarantees issued	19,721	—
Inward bills for collection	64,711	13,486
Late deposits/payments received	12,869	(366)
Others	921	26,581
Spot foreign exchange contracts bought	503	503
Deficiency claims receivable	(15,555)	(15,555)
Open account arrangements	—	—
Spot foreign exchange contracts sold	—	—

35. Information Required Under Revenue Regulations No. 15-2010

In compliance with the requirements set forth by Revenue Regulations No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during 2022:

a. **Gross Receipts Tax (GRT)**

The Parent Company is subjected to GRT on its gross income from Philippine sources. GRT is imposed on interest, fees and commissions from lending activities at 5% or 1%, depending on the loan term, and at 7% on non-lending fees and commissions, trading and foreign exchange gains and other items constituting gross income.

Details of the Parent Company's income and GRT related to the income for the year ended December 31, 2022 under 'Taxes and licenses' in the statement of income are as follows (amounts in thousands):

	Gross Receipts	GRT
Income derived from lending activities	₱2,352,746	₱99,641
Other income	415,228	29,066
	₱2,767,974	₱128,707

b. **Other taxes and licenses**

Other taxes and licenses, local and national, including real estate taxes, license and permit fees for 2022 under 'Taxes and licenses' in the statement of income follow (amounts in thousands):

National	
Documentary stamp taxes	₱34,829
Fringe benefit taxes	3,836
Donor's tax	1,576
Local	
License, registration and permit fees	8,540
Real property taxes	7,631
Other taxes and licenses	20,015
	₱76,427

c. Withholding taxes

Withholding taxes for 2022 are as follows (amounts in thousands):

	Paid	Accrued
Withholding taxes on compensation and benefits	₱100,484	₱4,261
Expanded withholding taxes	22,937	2,188
Final withholding taxes	46,548	5,364
	₱169,969	₱11,813

d. Tax assessments and cases

The Parent Company, together with 18 banks, was successful in petitioning the Makati RTC to issue temporary restraining order (TRO) to the BIR with regard to the implementation of RR No. 4-2011. On May 10, 2022, the Supreme Court Third Division (G.R. Nos. 240163 & 240168-169) decided that the provisions of RR No. 4-2011 on the proper allocations of common costs amongst income earnings of banks and other financial institutions for income tax reporting is invalid and declared void for having been issued ultra vires. The Decision of the Supreme Court is still subject to a motion for reconsideration that may be filed by the BIR which should be filed within fifteen (15) days from its receipt of the said Decision. As of the end of the reporting period, the case is now final, the Parent Company (together with the other banks) filed a Motion of the Issuance of Entry of Judgment.

In the opinion of management and legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Parent Company's financial position and results of operations.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
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6766 Ayala Avenue
1200 Makati City
Philippines
T +63 2 8988 2288

**The Board of Directors and Stockholders
Philippine Veterans Bank**
101 V.A. Rufino corner Dela Rosa Streets
Legaspi Village, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine Veterans Bank and subsidiaries (together hereinafter referred to as the Group) for the year ended December 31, 2022, on which we have rendered our report dated April 26, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards, as modified. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: Jerold M. Sanchez
Partner

CPA Reg. No. 0121830
TIN 
PTR No. 9566645, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 121830-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-041-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 26, 2023

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
AS OF DECEMBER 31, 2022

Annex 68D: Reconciliation of retained earnings available for dividend declaration

Annex 68E: Schedule of financial soundness indicators

Annex 68J: Schedules

SCHEDULE A - Financial assets

SCHEDULE B - Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)

SCHEDULE C - Amounts receivable from related parties which are eliminated during the consolidation of financial statements

SCHEDULE D - Long-term debt

SCHEDULE E - Indebtedness to related parties

SCHEDULE F - Guarantees of securities of other issuers

SCHEDULE G - Capital stock

ANNEX I
PHILIPPINE VETERANS BANK AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS

AVAILABLE FOR DIVIDEND DECLARATION

AS OF DECEMBER 31, 2022

(Amounts in PHP)

Unappropriated retained earnings, January 1, 2022	(1,576,483,525)
Adjustments:	
Unamortized loss on IBCL and AR	(907,243,377)
Net unrealized gain on foreclosures, net of accumulated depreciation	459,462,742
Treasury stocks	(378,584,239)
Deferred income tax assets	(287,451,260)
Unrealized MTM gain on FVTPL	(11,159,504)
Gain on pretermination	(2,707,577)
Unrealized foreign exchange loss except those attributable to Cash and Cash Equivalents) - see DTA basis beg 2021	2,354,032
Unappropriated retained earnings, January 1, 2022, as adjusted	<u>(2,701,812,708)</u>
Net income during the period closed to Retained Earnings	<u>267,933,616</u>
Less: Non-actual/unrealized income net of tax	
Gains on asset foreclosures and dacion transactions	(204,809,024)
Deferred income tax	(94,857,235)
Equity in net earnings of subsidiaries	(3,847,799)
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	<u>(3,448,371)</u>
Subtotal	<u>(306,962,429)</u>
Add: Non-actual losses	
Unrealized marked-to-market loss on financial assets at fair value through profit or loss	<u>14,977,004</u>
Add (Less):	
Acquisition of treasury stock	<u>(14,800)</u>
Unappropriated retained earnings, as adjusted to available for dividend distribution, December 31, 2022	<u><u>(2,725,879,317)</u></u>

PHILIPPINE VETERANS BANK AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Below are the financial ratios that are relevant to the Group as of and for the years ended December 31, 2022 and 2021:

	RATIO	FORMULA	2022	2021
1	Current ratio	Current assets divided by current liabilities	58.18%	69.29%
2	Acid test ratios	Liquid assets divided by short-term liabilities	28.72%	37.86%
3	Solvency ratios	Net income plus noncash expense divided by total liabilities	1.64%	0.71%
4	Debt-to-equity ratio	Total liabilities divided by total equity	21.04	13.20
5	Asset-to-equity ratio	Total assets divided by total equity	22.04	14.20
6	Interest rate coverage ratio	Income before interest and taxes divided by interest expense	2.57	(0.39)
7	Return on assets	Net income divided by average total assets. Average total assets is computed as (total assets as of December 31, 2022 + total assets as of December 31, 2021)/2	0.47%	-1.39%
8	Return on equity	Net income divided by average total equity. Average total equity is computed as (total equity as of December 31, 2022 + total equity as of December 31, 2021)/2	9.68%	-19.10%
9	Total loans and receivables to total assets	Total loans and receivables divided by total assets	0.38	39.20%
10	Net profit margin	Net income divided total revenues	0.09	-24.26%

ANNEX 68J-SCHEDULE A
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022
SCHEDULE A - FINANCIAL ASSETS

	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at the end of reporting date	Income received and accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)				
Government	-	-	-	13,210,778
TOTAL FINANCIAL ASSETS AT FVTPL	-	-	-	13,210,778
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)				
Government	4,818,800,000	4,745,573,637	4,745,573,637	
Private	631,300,000	625,111,198	625,111,198	
TOTAL FINANCIAL ASSETS AT FVOCI	5,450,100,000	5,370,684,835	5,370,684,835	161,997,977
FINANCIAL ASSETS AT AMORTIZED COST				
Government	10,935,224,488	11,169,868,365	11,169,868,365	311,726,572
TOTAL FINANCIAL ASSETS AT AMORTIZED COST	10,935,224,488	11,169,868,365	11,169,868,365	311,726,572
UNQUOTED DEBT SECURITIES CLASSIFIED AS LOANS (UDSCL)				
Government	450,000,000	51,323,530	51,323,530	
Private	240,890,000	-	-	
TOTAL UDSCL	690,890,000	51,323,530	51,323,530	5,320,706
EQUITY SECURITIES				
Quoted	12,538	83,644,345	83,644,345	
Unquoted	154,086	101,696,188	101,696,188	-
	166,624	185,340,532	185,340,532	-
	17,076,381,112	16,777,217,262	16,777,217,262	492,256,033

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022

SCHEDULE A - FINANCIAL ASSETS

Name of issuing entity and association of each issue	Per Audited Figures			
	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at the end of reporting date	Income received and accrued
Financial Assets at Fair Value through Profit of Loss				
Debt Securities				
Bureau of Treasury	0	0	0	13,210,778
	-	0	0	13,210,778
Financial Assets at Fair Value through Other comprehensive Income				
Debt Securities				
Government				
Bureau of Treasury	4,818,800,000	4,745,573,637	4,745,573,637	
Private				
Aboitiz Express Ventures	396,000,000	388,980,788	388,980,788	
Rockwell Land Corporation	89,000,000	89,353,421	89,353,421	161,997,977
San Miguel Corporation	10,000,000	10,201,529	10,201,529	
SM Prime Holdings				
SMC Global Power Holdings	136,300,000	136,575,460	136,575,460	
	5,450,100,800	5,370,684,835	5,370,684,835	161,997,977
Financial Assets at Fair Value through Other comprehensive Income				
Quoted				
Rockwell Land Corporation	5,808	8,015	8,015	
Meralco B - COMMON STOCK	1,562	465,788	465,788	
Meralco B - STOCK DIVIDEND	187	55,763	55,763	
Meralco B - 10% CUM PREFERRED STOCK	1,920	572,544	572,544	
Meralco B -Stock Dividend Fund	312	93,038	93,038	
San Miguel Corp.A	2,694	248,195	248,195	
Camp John Hay Golf Club (Green Square Properties Corp.)	47	10,575,001	10,575,001	
Manila Mimosa Golf & Country Club - C1(Charter Corporate)	2	400,000	400,000	
The Manila Southwoods Golf and Country Club-A	2	6,000,000	6,000,000	
Wack Wack Golf & Country Club	1	56,500,000	56,500,000	
Sta. Elena Properties, Inc.-A	1	7,750,000	7,750,000	
Makati (Sports) Club, Inc. -A	1	750,000	750,000	
Fil-Estate Management (Camp John Hay Golf Club)	1	225,000	225,000	
Unquoted				
Bancnet	63,100	30,084,289	30,084,289	
LGU Guarantee Corporation	50,000	-	-	
PCHC - Philippine Clearing House Corporation	21,000	59,573,834	59,573,834	
BAYANTEL	4,122	4,122	4,122	
Phil. Depository & Trust Co.(Phil. Dealing System Holdings Co)	5,000	10,974,543	13,187,445	
Republic Telephone Company, Inc.	10,564	1,056,400	1,056,400	
Philippine Central Depository, Inc.	300	3,000	3,000	
	188,524	185,340,532	187,553,436	
Debt Securities at amortized cost				
Government				
Bureau of Treasury	10,935,224,488	11,169,868,365	11,169,868,365	311,726,572
	10,935,224,488	11,169,868,365	11,169,868,365	311,726,572
Unquoted Debt Securities				
Agriarian Reform Bonds		51,323,530	51,323,530	
Agri-Agra Bonds	-	-	-	
Minglanilla Bonds	120,000,000	-	-	5,320,706.00
Meycauayan Bonds	330,000,000	-	-	
Private				
	450,000,000	51,323,530	51,323,530	5,320,706
	16,835,491,112	16,777,217,262	16,779,430,165	492,256,033

ANNEX 68J-SCHEDULE B
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2020

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

(SEE ATTACHED EXCEL FILE)

Philippine Veterans Bank
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related parties)
December 31, 2022

Per Debtor Classification - Housing and Car Loans under the Bank's Fringe Benefit Program

Name of Debtor (a)	Designation of Debtor	Balance at beginning of period	Auditors	Amounts collected (a)	Reclassification	Amounts written off (a)	Current	Not Current	Balance at end of period	Date of Deed of Assignment	Deed of Assignment
AVILA MARABELLE T	SENIOR MANAGER	2,209,998.38		116,130.22					1,093,867.96	04/30/2023	7
RODRIGO FREDERICK	FIRST VICE-PRESIDENT	783,976.04		89,389.18					694,606.86	09/15/2023	7
RAMIL RODOLFO JR R	ASSISTANT MANAGER	430,733.04		37,615.01					393,118.03	02/28/2023	7
QUE EROLO O	ASSISTANT MANAGER	970,368.21		76,754.72					893,613.49	06/30/2023	7
DULAY PAMELA D	ASSISTANT MANAGER	1,039,672.26		73,303.67					966,368.59	04/15/2023	7
ZARDE JOCARL G	ASSISTANT MANAGER	72,722.41							72,722.41	07/31/2022	6
FRANCISCO RUBINI C	ASSISTANT MANAGER	62,718.44		47,661.57					15,056.87	01/15/2023	6
ABOG MANUEL QUITERO II J	ASSISTANT MANAGER	74,704.26		51,364.59					23,343.67	01/15/2023	6
VELASCO AMELITO A	ASSISTANT VICE-PRESIDENT	149,648.89		93,508.18					56,140.71	03/31/2023	6
RECODO ROWENA C	ASSISTANT MANAGER	80,636.15		48,690.00					31,946.15	04/30/2023	6
MAYANIO JOSEITO F	MANAGER	104,139.87		56,775.95					47,423.92	04/30/2023	6
RELEN JEDD NICHOLL D	ASSISTANT MANAGER	300,078.11		25,534.84					274,543.27	04/30/2023	6
RALLETA ARNEL A	MANAGER	112,884.31		58,634.93					54,249.38	05/31/2023	6
CAMILO GERARDO L	MANAGER	122,318.11		58,043.52					64,275.59	07/31/2023	6
RAMIREZ JARINA D	ASSISTANT MANAGER	94,296.43		47,866.37					46,430.06	08/15/2023	6
UMBAO OLIE P	SENIOR MANAGER	141,089.48		65,547.57					75,541.91	08/31/2023	6
PUA RACHEL ANN D	ASSISTANT MANAGER	96,155.69		47,608.04					50,547.65	09/15/2023	6
SAN LUIS MELIZA S	SENIOR MANAGER	141,089.48		62,846.37					78,243.11	09/15/2023	6
SAMSON ARNOLD M	MANAGER	129,373.72		57,609.18					71,764.54	09/15/2023	6
GAPAC MA CARMELA T	SENIOR MANAGER	113,968.49		58,187.43					55,781.06	09/15/2023	6
CABRAL MARY JAY ANGELA F	ASSISTANT MANAGER	96,155.69		47,608.04					48,547.65	09/15/2023	6
CELOS SANTOS SHERWIN R	SENIOR MANAGER	113,968.49		58,187.43					55,781.06	09/15/2023	6
LAVA JONATHAN S	MANAGER	105,816.67		43,134.40					62,682.27	10/15/2023	6
DE TORRES CRISTAL FAITH L	ASSISTANT MANAGER	101,995.74		47,370.88					54,624.86	10/15/2023	6
MIGUEL EUGENIO CARLO F	SENIOR MANAGER	124,661.84		57,897.58					66,764.26	10/15/2023	6
HERMOSO EDNA H	ASSISTANT MANAGER	111,512.40		46,783.16					64,729.24	10/30/2023	6
LEDESMA SUNSHINE C	MANAGER	129,331.89		57,609.17					71,722.72	11/15/2023	6
MARTIN ALLAN C	ASSISTANT MANAGER	105,816.67		47,134.90					58,681.77	11/15/2023	6
DELA PAZ RALPH KENNETH C	MANAGER	140,905.39		56,894.43					84,010.96	11/30/2023	6
JONGCO RACHEL B	SENIOR MANAGER	156,978.38		62,211.92					94,766.46	12/15/2023	6
MACALANEDA RICARDO M	SENIOR MANAGER	140,627.23		57,370.82					83,256.41	12/31/2023	6
BALDONADO MILA C	ASSISTANT MANAGER	115,548.63		42,569.51					72,979.12	12/30/2023	6
PATINO MARY ROSE E	MANAGER	129,264.38		51,588.78					77,675.60	12/30/2023	6
MONTECLARO JENNIFER U	MANAGER	128,859.10		56,384.02					72,475.08	12/31/2023	6
PERAS JAKE P	SENIOR MANAGER	153,715.11		56,751.18					96,963.93	12/31/2023	6
BARROZA GAUDENCIO JR. A	ASSISTANT VICE-PRESIDENT	176,047.80		76,436.07					99,611.73	01/15/2024	6
PAGUIRAN RHEI ALBERT T	ASSISTANT MANAGER	152,002.61		44,282.63					107,719.98	09/30/2024	6
SAMANO PORTIA V	ASSISTANT MANAGER	139,381.43		45,085.03					94,296.40	10/15/2024	6
MALUTAD MARK GREGORY S	ASSISTANT MANAGER	153,790.75		44,172.19					109,618.56	10/15/2024	6
BALBOA ARIEL B	SENIOR MANAGER	205,054.87		66,508.48					138,546.39	10/15/2024	6
CAMPOS ALLEN P	ASSISTANT MANAGER	153,790.75		44,172.19					109,618.56	10/15/2024	6
ROMERO CHEMIE LOU S	ASSISTANT MANAGER	147,563.01		46,764.75					100,798.26	10/15/2024	6
VERZOSA CHRISTOPHER F	MANAGER	181,303.83		45,100.48					136,203.35	10/15/2024	6
OCAMPO MA ROSARIO B	ASSISTANT MANAGER	155,574.43		44,062.04					111,512.39	10/15/2024	6
ABRIL MICHAEL ANGELO M	MANAGER	179,191.85		54,529.96					124,661.89	10/15/2024	6
COLLAENTES ALVIN JAY O	ASSISTANT MANAGER	155,574.43		44,062.04					111,512.39	10/15/2024	6
BALTAZAR MA LOVELA G	ASSISTANT MANAGER	155,574.43		40,288.51					115,285.92	10/15/2024	6
HALOC DOMINIC C	ASSISTANT MANAGER	155,574.43		44,062.04					111,512.39	10/15/2024	6
OPERA JAYSON G	ASSISTANT MANAGER	155,574.43		44,062.04					111,512.39	10/15/2024	6
INFANTE CEDRIC D	MANAGER	183,590.24		54,258.36					129,331.88	11/15/2024	6
SORIANO GABRIEL MARIEL A	ASSISTANT MANAGER	157,207.06		42,971.12					114,235.94	11/15/2024	6
LASTIMOSA JOY C	ASSISTANT MANAGER	176,604.84		42,761.38					133,843.46	11/15/2024	6
MOLINA GRETCHEN P	ASSISTANT MANAGER	157,353.67		42,067.75					115,285.92	11/15/2024	6
CAPJI ANNA LIZA D	ASSISTANT MANAGER	125,175.35		36,994.25					88,181.10	11/15/2024	6
QUIMCO ELVIRA A	MANAGER	192,321.39		53,719.17					138,602.22	11/15/2024	6
PROTAGO ZEREN A	ASSISTANT MANAGER	159,128.47		43,842.54					115,285.93	11/30/2024	6
SAMSON GERIE GRACE E	ASSISTANT MANAGER	152,002.61		44,282.62					107,719.99	11/30/2024	6
SANTOS JAIME CESAR S	MANAGER	168,345.02		60,395.13					107,949.89	12/15/2023	6
GARCIA VERSUELO, JR. R	SENIOR MANAGER	216,886.70		58,163.31					158,723.39	12/31/2024	6
SAMSON NADINE C	ASSISTANT MANAGER	157,353.67		43,841.28					113,512.39	01/15/2025	6
BILLANTES MA CRISTEL D	ASSISTANT MANAGER	164,436.35		45,985.89					118,450.46	01/15/2025	6
MACALAC MARLON B	MANAGER	192,321.39		54,038.07					138,283.32	01/15/2025	6
MICARIM DOLLY C	ASSISTANT MANAGER	164,436.35		45,985.89					118,450.46	01/15/2025	6
NOIDAN BENJAMIN T P	MANAGER	192,321.39		54,038.07					138,283.32	01/15/2025	6
SORREPERA ROGER A	SENIOR MANAGER	216,886.70		50,702.61					166,184.09	01/31/2025	6
BALACANG MA LOUISA D	ASSISTANT MANAGER	155,574.43		40,288.52					115,285.90	01/31/2025	6
PEREZ LAARNI P	MANAGER	194,480.58		55,888.36					138,592.22	01/31/2025	6
GONZALES VIKKI MARIE A	ASSISTANT MANAGER	167,936.29		43,298.59					124,637.70	02/15/2025	6
MANAHAN MARION M	ASSISTANT MANAGER	167,936.29		43,298.59					124,637.70	02/15/2025	6
SANTOS ARLEN L	MANAGER	173,453.54		44,150.38					129,303.16	02/28/2025	6
REVERA CHRISTOPHER A	MANAGER	198,812.75		53,334.28					145,478.47	02/28/2025	6
DEL ROSARIO RANDY V	MANAGER	203,113.39		53,052.88					150,060.51	05/15/2025	6
BERNABE CRISPIN A	ASSISTANT MANAGER	174,903.80		42,864.29					132,039.51	07/31/2025	6
LEDESMA WINSTON JR. I	ASSISTANT MANAGER	180,083.96		42,548.39					137,535.57	07/31/2025	6
TAMAYO MARIA THERESA B	ASSISTANT MANAGER	173,180.07		41,154.56					132,025.51	07/31/2025	6
VENTURANZA VICTOR II A	ASSISTANT VICE-PRESIDENT	136,779.79		39,741.22					97,038.57	07/31/2025	6
ZALOTTA NADIA VERONICA S	MANAGER	211,650.51		50,273.47					161,377.04	07/31/2025	6
RAQUEL CARMIN "A" M	MANAGER	177,762.05		43,499.14					134,262.91	08/15/2025	6
SACRO CATHERINE V	ASSISTANT VICE-PRESIDENT	301,335.59		81,713.36					219,622.23	08/31/2025	6
ABUJAN MARCEL A	ASSISTANT MANAGER	183,515.91		42,336.44					141,179.47	08/31/2025	6
HALDA BIRIANO S	ASSISTANT MANAGER	183,515.91		42,336.44					141,179.47	08/31/2025	6
BORINEMO CLEUTO I	ASSISTANT MANAGER	178,638.80		40,919.20					137,719.60	09/15/2025	6
AGUILA MARK ANTHONY D	MANAGER	212,098.06		50,112.44					161,985.62	09/30/2025	6
CALIHAG KRES ANTONI	ASSISTANT MANAGER	188,631.80		42,029.49					146,602.31	09/30/2025	6
PERALTA RALPH L	MANAGER	215,334.48		50,270.11					165,064.37	10/15/2025	6

Name of Director (i)	Designation of Officer	Balance at beginning of period	Additions	Amounts collected (a) (ii)	Reimbursement	Amounts withdrawn (a) (iii)	Current	Not Current	Balance at end of period	Due Date	Deed of Assignment on Salary
RAYDO VICTOR N	MANAGER	222,202.70		51,873.78					170,328.92	10/15/2025	Deed of Assignment on Salary
GENE ROSO ROWENA A	ASSISTANT VICE-PRESIDENT	298,899.87		81,917.63					216,982.24	10/15/2025	Deed of Assignment on Salary
ALCIBADE GRACE Y	ASSISTANT MANAGER	381,802.07		42,442.27					339,359.80	10/15/2025	Deed of Assignment on Salary
LUI MAGLIT ENRICO N	SENIOR MANAGER	179,782.31		43,970.71					135,811.60	10/15/2025	Deed of Assignment on Salary
OBRA ALDA S	SENIOR MANAGER	181,833.71		42,468.90					139,364.81	10/15/2025	Deed of Assignment on Salary
VARGAS ALEJANDRIA D	SENIOR MANAGER	222,202.70		49,649.73					172,552.97	10/15/2025	Deed of Assignment on Salary
ZUNIGA SHERYL R	ASSISTANT MANAGER	183,515.92		40,521.30					142,994.62	10/15/2025	Deed of Assignment on Salary
WISDO JO ANN T	ASSISTANT MANAGER	183,235.47		40,420.25					142,815.22	11/15/2025	Deed of Assignment on Salary
FELIX ANIS JAY INFO V	ASSISTANT MANAGER	162,006.87		36,508.62					125,498.25	11/30/2025	Deed of Assignment on Salary
ABAD LOVELY JOY A	ASSISTANT MANAGER	186,990.77		42,125.55					144,865.22	11/30/2025	Deed of Assignment on Salary
DISPO MICHELLE Q	ASSISTANT MANAGER	186,990.77		42,125.54					144,865.23	11/30/2025	Deed of Assignment on Salary
TOCOMO JULIUS C	ASSISTANT MANAGER	188,834.45		40,196.15					148,638.30	12/15/2025	Deed of Assignment on Salary
LOPESCO CHARMAINE T	ASSISTANT MANAGER	186,631.81		42,020.49					144,611.32	12/15/2025	Deed of Assignment on Salary
MIA LERI H	SENIOR MANAGER	186,990.77		38,317.86					148,672.91	12/15/2025	Deed of Assignment on Salary
CAJALIO GEMMA E	ASSISTANT MANAGER	209,802.75		32,309.55					177,493.20	12/15/2025	Deed of Assignment on Salary
ROMERO CHRISTINA B	ASSISTANT VICE-PRESIDENT	209,802.75		32,309.55					177,493.20	12/15/2025	Deed of Assignment on Salary
REYES RICHARD V	ASSISTANT MANAGER	209,802.75		32,309.55					177,493.20	12/15/2025	Deed of Assignment on Salary
DAQUIZ SESINANDO JR. T	ASSISTANT MANAGER	209,802.75		32,309.55					177,493.20	12/15/2025	Deed of Assignment on Salary
VALVERDE MIRELLA S	SENIOR MANAGER	279,737.08		77,066.58					202,670.50	02/15/2026	Deed of Assignment on Salary
BACAY HAYDEE C	ASSISTANT MANAGER	209,802.75		56,011.99					153,790.76	02/15/2026	Deed of Assignment on Salary
COLONDRINA GINA R	MANAGER	258,428.86		68,458.81					189,969.84	02/15/2026	Deed of Assignment on Salary
PINTO ABIGAIL V	ASSISTANT MANAGER	200,802.76		56,011.99					144,790.77	02/15/2026	Deed of Assignment on Salary
QUAY USMAN U	ASSISTANT MANAGER	186,990.77		39,819.22					147,171.55	02/15/2026	Deed of Assignment on Salary
BUT NAVENTURA JENNIFER D	ASSISTANT MANAGER	195,393.66		39,819.21					155,574.45	03/15/2026	Deed of Assignment on Salary
RAMO MICHELLE S	ASSISTANT MANAGER	196,769.35		43,595.66					153,173.69	03/15/2026	Deed of Assignment on Salary
LADDA HECTOR D	SENIOR MANAGER	264,999.26		55,384.04					209,615.22	03/15/2026	Deed of Assignment on Salary
PANGANIBAN ROGEL L	MANAGER	246,996.91		50,342.52					196,654.39	04/15/2026	Deed of Assignment on Salary
MAGPANTAY RODOLFO JR V	ASSISTANT MANAGER	200,420.93		43,282.44					157,138.49	04/15/2026	Deed of Assignment on Salary
STO. DOMINGO MA. FLORICA L	ASSISTANT VICE-PRESIDENT	329,786.76		79,499.57					250,287.19	04/30/2026	Deed of Assignment on Salary
FRANCISCO DIANA J	MANAGER	209,029.75		50,217.00					158,812.75	04/30/2026	Deed of Assignment on Salary
BARANES JHANNA J	ASSISTANT MANAGER	205,410.64		40,984.30					164,426.34	05/15/2026	Deed of Assignment on Salary
VALENTE MARLON RICARDO A	SENIOR MANAGER	275,880.96		52,302.67					223,578.29	05/15/2026	Deed of Assignment on Salary
LEAO IVY HASANIN F	MANAGER	255,097.89		49,842.25					205,255.64	06/15/2026	Deed of Assignment on Salary
ALDO NELSON G	ASSISTANT MANAGER	209,834.78		47,387.69					162,447.09	06/15/2026	Deed of Assignment on Salary
DE MESA SUSAN R	SENIOR MANAGER	278,288.86		54,373.34					223,915.52	06/15/2026	Deed of Assignment on Salary
DOYENADA MARISA C	MANAGER	266,087.82		47,705.31					218,382.51	06/30/2026	Deed of Assignment on Salary
DYVAGNACIA ROWENA C	ASSISTANT MANAGER	212,005.76		40,577.01					171,428.75	07/15/2026	Deed of Assignment on Salary
ELARDO JULIET C	ASSISTANT MANAGER	225,000.00		34,069.24					190,930.76	07/15/2026	Deed of Assignment on Salary
ALOLA JOAN B	ASSISTANT MANAGER	213,844.27		40,475.82					173,368.45	07/31/2026	Deed of Assignment on Salary
TERIANO PINCY B	ASSISTANT MANAGER	216,908.05		38,547.48					178,360.57	08/31/2026	Deed of Assignment on Salary
NAVARO RODOLFO S	ASSISTANT MANAGER	210,808.05		40,174.18					170,633.87	08/31/2026	Deed of Assignment on Salary
CARONAN MATERNA P	ASSISTANT MANAGER	218,535.33		40,173.76					178,361.57	09/30/2026	Deed of Assignment on Salary
PONCE CAYETANO JR U	SENIOR MANAGER	299,543.43		53,431.24					246,112.19	09/30/2026	Deed of Assignment on Salary
SALATAY ROBERT BRIAN M	MANAGER	288,081.47		48,878.58					239,202.89	09/30/2026	Deed of Assignment on Salary
MAGUIT ANGELA V	MANAGER	289,061.47		48,578.68					240,482.79	09/30/2026	Deed of Assignment on Salary
SANTOS CHONA N	ASSISTANT MANAGER	221,778.73		39,373.64					182,405.09	10/15/2026	Deed of Assignment on Salary
EMMAN JACQUELINE G	ASSISTANT MANAGER	221,778.73		39,373.64					182,405.09	10/15/2026	Deed of Assignment on Salary
ROOT JOCELYN B	SENIOR MANAGER	266,700.89		53,287.99					213,412.90	10/15/2026	Deed of Assignment on Salary
REYES JOHANNA C	ASSISTANT VICE-PRESIDENT	300,000.00		56,572.63					243,427.37	12/15/2026	Deed of Assignment on Salary
DUQUE MARIA TERESA C	ASSISTANT VICE-PRESIDENT	300,000.00		56,572.63					243,427.37	12/15/2026	Deed of Assignment on Salary
MURIEZ JAN JAY ATON	ASSISTANT MANAGER		225,000.00	32,978.80					192,021.20	01/15/2027	Deed of Assignment on Salary
MASSINO ELISA BULOZ	ASSISTANT MANAGER		225,000.00	31,290.48					193,709.52	01/15/2027	Deed of Assignment on Salary
LORENZO MINIBETH ATENZA	SENIOR MANAGER		300,000.00	43,571.51					256,428.49	01/15/2027	Deed of Assignment on Salary
VALDEZ ALMA BILANMAGUI	MANAGER		275,000.00	36,386.43					238,613.57	01/15/2027	Deed of Assignment on Salary
DURAN OSCAR FERDINAND CAMAHALAN	MANAGER		275,000.00	32,084.04					242,915.96	03/15/2027	Deed of Assignment on Salary
QUEJADA APRIL JOY CRUZ	ASSISTANT MANAGER		225,000.00	36,250.84					188,749.16	03/15/2027	Deed of Assignment on Salary
BITOON JAMICAH JEWEL VILLEGAS	MANAGER		275,000.00	32,084.04					242,915.96	03/15/2027	Deed of Assignment on Salary
GAMOT MARCEL MANZANA	MANAGER		275,000.00	32,084.04					242,915.96	03/15/2027	Deed of Assignment on Salary
ANGON MARUPE TAMAYO	ASSISTANT MANAGER		225,000.00	21,911.67					203,088.33	04/15/2027	Deed of Assignment on Salary
CAGAPE RIZEL BUOT	ASSISTANT MANAGER		225,000.00	21,911.67					203,088.33	04/15/2027	Deed of Assignment on Salary
RAGANDAN RAMELITO LANCOMAN	SENIOR MANAGER		275,000.00	28,003.69					246,996.31	04/15/2027	Deed of Assignment on Salary
DELA ROSA GLEN GERARD TORILLO	SENIOR MANAGER		300,000.00	15,340.92					284,659.08	04/15/2027	Deed of Assignment on Salary
SORIANO CHERRY SORIANO	ASSISTANT MANAGER		225,000.00	17,984.38					207,015.62	05/15/2027	Deed of Assignment on Salary
DOMINGO MARICEL R	ASSISTANT MANAGER		225,000.00	19,580.34					205,419.66	05/15/2027	Deed of Assignment on Salary
RAMINEZ MARIA TERESA CASPIAN	ASSISTANT VICE-PRESIDENT		350,000.00	27,897.91					322,102.09	05/31/2027	Deed of Assignment on Salary
DELA CRUZ VERNIE CRISNIO	ASSISTANT VICE-PRESIDENT		350,000.00	27,897.91					322,102.09	05/31/2027	Deed of Assignment on Salary
SANTOS ELIAINE DIANE ALFONSO	ASSISTANT MANAGER		225,000.00	16,363.56					208,636.44	06/15/2027	Deed of Assignment on Salary
MACAPAGAL CLAIRE LYNN OCTAVIANO	MANAGER		275,000.00	19,902.06					255,097.94	06/30/2027	Deed of Assignment on Salary
TRINIDAD RAMONOTTO SANTIAGO	SENIOR MANAGER		300,000.00	10,787.90					289,212.10	08/15/2027	Deed of Assignment on Salary
TARCOO KATE SOOD	ASSISTANT MANAGER		225,000.00	8,090.96					216,909.04	08/31/2027	Deed of Assignment on Salary
OLI JENIFER AGUSTIN	ASSISTANT MANAGER		225,000.00	6,464.67					218,535.33	09/15/2027	Deed of Assignment on Salary
VILLAMUEVA JOANNE MARIE JUANITES	ASSISTANT VICE-PRESIDENT		300,000.00	6,456.57					293,543.43	09/30/2027	Deed of Assignment on Salary
MARIBAO MARY JOAN CASTRO	ASSISTANT MANAGER		225,000.00	6,464.67					218,535.33	09/30/2027	Deed of Assignment on Salary
CLUTARIO JOHN RENE CELDONA	ASSISTANT MANAGER		225,000.00	4,842.48					220,157.52	09/30/2027	Deed of Assignment on Salary
ZERBUJO OLIVIA MAE TERAGA	ASSISTANT MANAGER		225,000.00	3,224.27					221,775.73	09/30/2027	Deed of Assignment on Salary
PEREZ CHRISTINE MARIE BAHIDO	MANAGER		275,000.00	3,518.34					269,081.66	09/30/2027	Deed of Assignment on Salary
FABREGAS ARNIE FABABER	ASSISTANT VICE-PRESIDENT		350,000.00	2,504.63					347,495.37	10/31/2027	Deed of Assignment on Salary
RESPICO SHERYL S	ASSISTANT MANAGER		225,000.00	1,610.12					223,389.88	10/31/2027	Deed of Assignment on Salary
SALVADOR ANA MARIA SANTIAGO	MANAGER		275,000.00	1,967.92					273,032.08	10/31/2027	Deed of Assignment on Salary
SORIANO DIANE CATHERINE VARGAS	ASSISTANT MANAGER		225,000.00	-					225,000.00	11/15/2027	Deed of Assignment on Salary
PAUL ALFREY GAIL BILLANES	ASSISTANT MANAGER		225,000.00	-					225,000.00	11/30/2027	Deed of Assignment on Salary
BAUTISTA NOEL BAULETA	ASSISTANT MANAGER		225,000.00	-					225,000.00	12/15/2027	Deed of Assignment on Salary
NUEDA JOHNNY B	ASSISTANT VICE-PRESIDENT		350,000.00	-					350,000.00	12/15/2027	Deed of Assignment on Salary
MACATAN JR CHARLES JR LAURENARIA	MANAGER		275,000.00	-					275,000.00	12/15/2027	Deed of Assignment on Salary
MANALES FLORABELLE FLORES	ASSISTANT MANAGER		225,000.00	-					225,000.00	12/15/2027	Deed of Assignment on Salary

TOTAL Amount Receivable from DDBRI 26,347,884.64 8,125,000.00 7,285,891.16 30,187,115.88 36,187,115.88

(i) Show separately accounts receivable and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
(ii) If collection was other than in cash, explain.
(iii) Give reasons for write off.

ANNEX 68J-SCHEDULE C
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Intervest Projects, Inc.	5,535,710.00	-	-	-	-	-	5,535,710

SCHEDULE D - Long-term debt
Loans Payable
As of December 31, 2022

Date Approved	Term	Maturity Date	Bank	Loan Amount	Annual Interest Rate	Outstanding Balance as of December 31, 2022	Loan Origination cost	Net
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NONE

ANNEX 68J-SCHEDULE E**PHILIPPINE VETERANS BANK AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022****Schedule F - Indebtedness to Related Parties**

Name of related party	Balance at beginning of period	Balance at end of period
Intervest Projects Inc.	2,931,667	3,107,927
Intervest Insurance Agency, Inc.	876,336	940,568
	<u>3,808,003</u>	<u>4,048,495</u>

ANNEX 68J-SCHEDULE F
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022

Schedule G - Guarantees of Securities of Other Issuers

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 guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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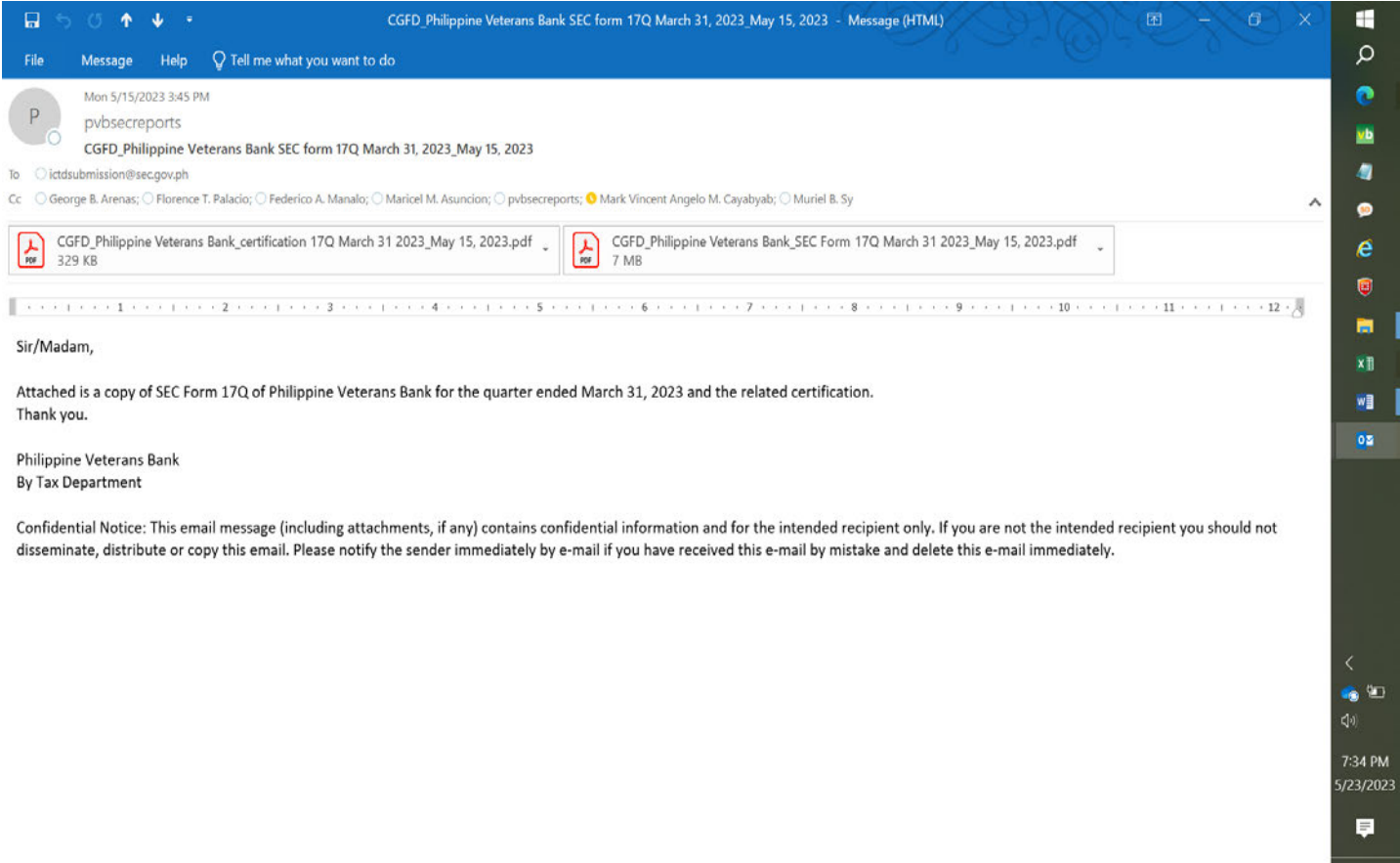
NONE

PHILIPPINE VETERANS BANK AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022

Schedule G - Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others *
Capital Stock Paid-in - Preferred	4,900,000	3,612,598	N / A	N / A	230	3,612,368
Capital Stock Paid-in - Common <i>*pertain to the rest of the veterans as shareholders</i>	45,100,000	23,293,721	N / A	N / A	3,761	23,289,960



CERTIFICATION

I, **FLORENCE T. PALACIO**, the Controller of **PHILIPPINE VETERANS BANK**, a corporation duly registered under and by virtue of the law of the Republic of the Philippines, with SEC registration 024681 and with principal office at 101 VA Rufino cor. Dela Rosa Sts., Brgy. San Lorenzo, Legaspi Village, Makati City, on oath state:

1. That I have caused this **SEC Form 17Q** covering the period of 1stQ 2023 ending March 31, 2023 prepared on behalf of **Philippine Veterans Bank**.
2. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
3. That Philippine Veterans Bank will comply with the requirements set forth in SEC Notice Dated May 21, 2021 to effect a complete and official submission of reports and/or documents through electronic mail.
4. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
5. That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, S. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this

15 MAY 2023

VP FLORENCE T. PALACIO

Affiant

SUBSCRIBED AND SWORN to before me this

15 MAY 2023

affiants exhibiting to me her

UMID # 0003-9295571-1

Doc. No. 398;

Page No. 80;

Book No. VII;

Series of 2023

ATTY. SHERWIN R. DELOS SANTOS
Notary Public for and in Makati City until December 31, 2024
Appointment No. M-208
PVB Building, No. 101 V.A. Rufino corner Dela Rosa Streets,
Legaspi Village, Makati City
P.T.R No. 9565662 / 01-03-2023 / Makati City
(BP Life Member No. 013190 Roll of Attorneys No. 53646
M.C.L.E Compliance No. VB-0020286 / June 02, 2022

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Ms. Florence T. Palacio
(Contact Person)

7902-1600
(Company Telephone Number)

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3	1
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Month
Day

Period

S	E	C	1	7	-	A
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FORM TYPE

0	6	1	6
Month		Day	
Annual Meeting			

Secondary License Type, if Applicable

C	G	F	D
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Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Number of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number									
Document ID									

LCU

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number 24681

FILE Number

PHILIPPINE VETERANS BANK

Philippine Veterans Bank Building, 101 V.A.
Rufino corner Dela Rosa Sts., Legaspi Village, Makati City

(Company's Full Name)

7902-1600

(Telephone Number)

December 31

(Fiscal Year Ending)
(Month & Day)

**SEC FORM 17-Q
Quarterly Report**

(Form Type)

Amendment Designation
(If Applicable)

March 31, 2023

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2023
2. Commission identification number 24681
3. BIR Tax Identification No. 000-836-616-000
4. Exact name of issuer as specified in its charter PHILIPPINE VETERANS BANK
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Philippine Veterans Bank Building, 101 V.A. 1229
Rufino corner Dela Rosa Sts., Legaspi Village, Makati City
8. Issuer's telephone number, including area code (02) 7902-1600
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding	
	Shares	Amount
Preferred Stock - P100 par value		
Authorized	25,000,000	2,500,000,000.00
Issued	3,623,052	362,305,200.00
Treasury Stock	(10,240)	(1,024,000.00)
Common Stock - P100 par value		
Authorized	75,000,000	7,500,000,000.00
Issued	23,587,597	2,358,759,700.00
Subscribed, net of Subscription Receivable	1,719,266	171,926,600.00
Treasury Stock	(2,155,608)	(377,575,039.00)

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

Yes ☐ No ☐

12. 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 Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☐ No ☐

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

Yes ☐ No ☐

SEC FORM 17-Q

We, hereby certify that all information set forth in the above report are true and correct to the best of my/our knowledge.

RENATO A. CLARAVALL
President and Chief
Executive Officer

VP FLORENCE T. PALACIO
Controller

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

SUBSCRIBED AND SWORN to before me this 15 MAY 2023, affiants
exhibiting to me their described Competent Evidence of Identity ("CEI") as follows:

NAMES	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Florence T. Palacio			
Renato A. Claravall			

Doc. No. 399 ;
Page No. 80 ;
Book No. VII ;
Series of 2023.

ATTY. SHERWIN R. DELOS SANTOS
Notary Public for and in Makati City until December 31, 2024
Appointment No. M-208
PVB Building, No. 101 V.A. Rufino corner Dela Rosa Streets,
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P.T.R No. 9565662 / 01-03-2023 / Makati City
IBP Life Member No. 013190 Roll of Attorneys No. 63646
M.C.L.E Compliance No. VT-0020286 / June 02, 2022

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

(Refer to Attached Financial Statements)

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

Philippine Veterans Bank and Subsidiaries' posted total resources of ₱66.098 Billion as at March 31, 2022, 7.94% higher than the ₱61.238 Billion as at December 31, 2022 while total deposit liabilities increased by 6.32% to ₱59.747 Billion as at March 31, 2022 from ₱56.195 Billion as at December 31, 2022.

Net non-performing loans (NPL) ratio of the Bank (Parent Company) in March 31, 2023 is at 11.67% while in December 31, 2022 is at 11.45%. The Bank's Capital adequacy Ratio (CAR) of 2.13% for Basel III as at March 31, 2022 lower than the 2022 year-end CAR of 3.64%. This is after considering the staggered booking of allowance for credit losses for five (5) years starting 2020, as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic.

Key Financial Indicators

The following comparative ratios reflect the performance of the **Group**:

	March 31, 2023	December 31, 2022
Current Ratio	55.40%	58.18%
Debt-to-Equity Ratio	22.69	21.04
Asset-to-Equity Ratio	23.69	22.04
Capital Adequacy Ratio	2.13%	4.85%

	March 31, 2023	December 31, 2022
Interest Rate Coverage Ratio	1.65	-2.57
<i>Profitability Ratios:</i>		
a. Return on Average Equity (ROE)	-1.16%	-9.68%
b. Return on Average Assets (ROA)	-0.05%	-0.47%

The manner by which the Group calculates the above indicators is as follows:

- Current Ratio: Current assets divided by current liabilities
- Debt-to-Equity Ratio: Total Liabilities divided by total equity
- Asset-to-Equity Ratio: Total Assets divided by total equity
- Capital Adequacy Ratio: Total capital divided by risk-weighted assets
- Interest Rate Coverage Ratio: Earnings before interest and taxes divided by interest expense

- Return on Average Equity: Net Income divided by average total capital funds for the period indicated
- Return on Average Assets: Net Income divided by the average total resources for the period indicated

Additional Management Discussion and Analysis

Balance Sheet (for those with variances of more than 5% – March 31, 2023 vs. December 31, 2022)

Cash and Other Cash Items increased by 5.32% from ₱934.496 Million as at December 2022 to ₱984.169 Million as at March 2023.

Interbank Loans Receivable and Securities Purchased Under Resale Agreement increased by ₱697.595 Million to ₱2.372 Billion as at March 2023 from ₱1.674 Billion as at December 2022.

Financial Assets at Fair Value Through Profit or Loss increased from ₱104.907 Million as at December 31, 2022 to ₱850.624 Million as at March 31, 2023.

Financial Assets at Fair Value Through Other Comprehensive Income increased by 7.14% from ₱5.556 Billion as at December 31, 2022 to ₱5.953 Billion as at March 31, 2023.

Debt Securities at Amortized Cost increased by 25.65% from ₱11.170 Billion as at December 2022 to ₱14.035 Billion as at March 2023.

Right of Use Asset decreased by 6.44% from ₱198.109 Million as at December 2022 to ₱185.354 Million as at March 2023.

Investment Properties increased by 9.82% from ₱2.287 Billion as at December 2022 to ₱2.512 Billion as at March 2023.

Other Assets decreased by 5.77% from ₱1.892 Billion as at December 2022 to ₱1.782 Billion as at March 2023.

Deposit Liabilities as at March 31, 2023 net increased by 6.32% to ₱59.747 Billion from ₱56.195 Billion as at December 31, 2022 mainly from Demand Deposit Liabilities which increased by 7.27% or ₱2.796 Billion and increase of 13.45% or ₱558.526 Million in Time Deposit Liabilities.

Marginal Deposits and Cash Letters of Credit as at March 31, 2023 went up to ₱112.623 Million from NIL amount as at December 31, 2022.

Manager's Checks increased by 110.45% from ₱57.867 Million as at December 2022 to ₱121.783 Million as at March 31, 2023.

Accrued Taxes, Interest and Other Expenses as at March 31, 2023 decreased by 8.36% to ₱302.886 Million from ₱330.501 Million in December 2022.

Income Tax Payable of ₱18.907 as at March 31, 2023 is an increased amount by ₱3.760 Million from ₱15.146 Million as at December 2022.

Other Liabilities of ₱2.775 Billion as at March 31, 2023 increased by 71.31% from ₱1.620 Billion as at December 31, 2022.

Net Accumulated Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income of ₱143.683 as at March 31, 2022 improved by 27.82% from the ₱143.683 Million loss as at December 31, 2022.

Income Statement (for those variances of more than 5% – For the period ended March 31, 2023 vs. period ended March 30, 2022)

Total Interest Income for the first quarter of 2023 increased by 55.44% from ₱467.532 Million reported on the same period of prior year to ₱726.714 Million. This is attributed to interest income on:

1. Loans and Receivables for the three-month period ended March 2023 increased by 21.41% to ₱396.880 Million from ₱326.894 Million for the same period in 2022.
2. Investment Securities at Amortized Cost and Fair Value Through OCI ended March 2023 increased by ₱135.235 Million to ₱208.838 Million from ₱73.604 Million for the same period in 2022.
3. Deposits with Banks ended March 2023 increased by 56.89% to ₱93.937 Million from ₱59.876 Million for the same period in 2022.
4. Interbank Loans Receivable and Securities Purchased Under Resale Agreements period for the period ended March 2023 increased by ₱18.555 Million to ₱26.072 Million from ₱7.516 Million for the same period in 2022.
5. Financial Asset at Fair Value Through Profit or Loss as at March 2022 improved by 375.99% to ₱0.987 Million profit from ₱0.358 Million loss for the same period in 2022.

Total Interest Expense increased by 13.11% in 2023 compared to the first quarter of 2022 with ending balance of ₱61.454 Million from ₱54.333 Million reported in 2022. This can be justified mainly by:

1. Interest Expense on Deposit Liabilities of ₱55.610 Million for the first three months of 2023 increased by ₱8.162 Million from ₱47.447 Million reported for the first quarter of 2022.

Total Net Interest Income as at March 2023 of ₱665.259 Million has increased by 61.00 % from ₱413.199 Million as at March 2022.

Gains on Sale of Assets decreased by 87.57% to ₱3.866 Million for the period ended March 2023 compared to the ₱31.110 Million for YTD March 2022.

Service Fees and Commissions increased by 14.10% to ₱37.195 Million as at March 2023 compared to the ₱32.600 Million at March 2022.

Gains on Asset Foreclosures and Dacion Transactions decreased by ₱22.534 Million to ₱34.675 Million as at March 2023 compared to the ₱57.208 Million at March 2022.

Income from Trust Operations at March 2023 of ₱3.507 Million has increased by 18.06% from ₱2.970 Million as at March 2022.

March 2023 showed a Trading Gain of ₱31.207 Million, which is higher than reported gain in March 2022 of ₱10.691 Million or an increase of ₱20.516 Million.

Foreign Exchange Losses of ₱0.955 Million as at March 2023 is previously a gain of 0.956 Million from the same period in 2022.

Other Operating Income for the three-month period ended March 2023 increased by ₱1.773 Million to ₱16.172 Million from ₱14.400 Million during the same period in the previous year.

Compensation and Fringe Benefits increased by 8.95% from ₱205.328 Million as at March 2022 to ₱223.710 Million as at March 2023.

Depreciation and Amortization decreased by 20.99% from ₱101.080 Million as at March 2022 to ₱79.865 Million as at March 2023.

Taxes and Licenses increased by 25.02% from ₱40.940 Million as at March 2022 to ₱51.185 Million as at March 2023.

Insurance Expense as at March 2023 of ₱35.419 Million has decreased by 15.30% from ₱41.815 Million as at March 2022.

Communications of ₱9.595 Million in March 2023 decreased from ₱12.888 Million or by ₱3.293 Million from the same period in 2022.

Transportation and Travel as at March 2023 of ₱13.863 Million has increased by 32.24% from ₱10.483 Million as at March 2022.

Litigation and expenses on acquired assets in the amount of ₱19.250 million as at March 2023 increased by ₱9.422 Million from ₱9.828 Million of the same period in 2022.

Professional Fees for the three-month period ended March 2023 increased by ₱13.794 Million to ₱20.117 Million from ₱6.323 Million during the same period in the previous year.

Fees and Commission for the three-month ended March 2023 increased by 93.98% to ₱4.967 Million from ₱2.560 Million during the same period in 2022.

Bangko Sentral ng Pilipinas Supervision Fees decreased by 7.28% from ₱3.624 Million in March 2022 to ₱3.361 Million as at March 2023.

Membership Fees and Dues decreased by 25.83% from ₱3.334 Million as at March 2022 to ₱2.473 Million as at March 2023.

Office Supplies as at March 2023 of ₱3.694 Million has decreased by 8.40% from ₱4.033 Million as at March 2022.

Freight Expenses as at March 2023 amounting to ₱1.232 Million decreased by 17.71% compared to the ₱1.498 Million in March 2022.

Entertainment, Amusement and Representation Expense of ₱1.691 Million has increased by 35.94% from ₱1.244 Million as at March 2022.

Fines and Penalties in March 2022 amounting to ₱5.303 Thousand has increased by ₱2.432 Million or to ₱2.438 Million as at March 2023.

Income Before Income Tax from ₱158.082 Loss in 2022 improved by 125.44% or to Income of ₱40.221 Million as at March 2023.

Provision for Income Tax in the amount of ₱47.175 Million as at March 31, 2022 increased by 53.80% or ₱25.378 Million or to ₱72.553 Million as at March 31, 2023.

On the overall, Net Loss from ₱205.256 Million in 2022 decreased to a loss of ₱32.332 Million as at March 2023 or improvement of 84.25%.

EQUITY

Philippine Veterans Bank's capital stock consists of:

	March 31, 2023		December 31, 2022	
	Shares	Amount	Shares	Amount
Preferred Stock - P100 par value				
Authorized	25,000,000	2,500,000,000.00	25,000,000	2,500,000,000.00
Issued and outstanding	3,623,052	362,305,200.00	3,612,803	361,280,300.00
Treasury Stock	(10,240)	(1,024,000.00)	(10,220)	(1,022,000.00)
Common Stock - P100 par value				
Authorized	75,000,000	7,500,000,000.00	75,500,000	7,500,000,000.00
Issued and outstanding	23,338,532	2,333,853,200.00	23,029,665	2,302,966,500.00
Subscribed, net of subscription receivable	1,719,266	171,926,600.00	1,719,229	171,922,900.00
Treasury Stock	(2,155,608)	(215,560,800.00)	(2,155,608)	(215,560,800.00)

Preferred shares are cumulative, non-redeemable, non-voting shares entitled to dividends of 8% annually from net income, subject to the declaration of the BOD and have priority in case of liquidation or insolvency.

Disposition of the Bank's Net Income

As provided for in the Parent Company's by-laws, the profit distributable to common shares shall be the Parent Company's net income reduced by the following:

- (a) Transfer to the surplus reserves account (20% of net income) until the surplus reserves is equal to the Parent company's authorized capital stock;
- (b) Guaranteed earnings of the preferred shares; and

(c) Appropriation of 20% of net income, after deducting (a) and (b) above, to the veteran shareholders through the Board of Trustees of the Veterans of World War II, as provided in Section 23 of RA No. 3518.

(d) Also, as required by the BSP, the Parent Company transfers 10% of its net income from trust operations to surplus reserves.

There was no dividend distribution for the last three years.

Materials Events and Uncertainties

Bank's capital and Capital Adequacy Ratio (CAR) that are below minimum requirement by the regulator brought some uncertainties/doubts on the Bank's ability to continue as a going concern. Notwithstanding these uncertainties, however, PVB's assessment of the Group's ability to continue as a going concern remains optimistic. This assessment has been anchored on the following considerations:

Notwithstanding some uncertainties/doubts on the Bank's ability to continue as a going concern, due, primarily, to its failure to comply with the prescribed minimum capital and Capital Adequacy Ratio (CAR) by the regulator, PVB's assessment of the Group's ability to continue as a going concern remains optimistic. This assessment has been anchored on the following considerations:

(a) On December 10, 2021, RA No. 11597, An Act Providing for the Revised Charter of the Philippine Veterans Bank, Repealing for the Purpose Republic Act No. 3518, as Amended, was signed into law and became effective on January 21, 2022. RA No. 3518, An Act Creating the Philippine Veterans' Bank and for other Purposes, confined ownership of the Parent Company's shares to World War II veterans or their heirs, which significantly impacted the Parent Company's ability to successfully raise additional capital. RA No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all times retain majority of the shares. With the enactment of RA No. 11597, the Parent Company has initiated capital raising activities, which include: (i) obtaining commitment from a major investor as evidenced by a subscription agreement, (ii) identifying veteran-related investor group, (iii) targeting military personnel by continuing the conduct of series of roadshows, (iv) converting longoutstanding unclaimed cash dividends to equity, and (v) issuing preferred shares subject to regulatory approvals.

(b) In 2022, as the economy continuously recover from the COVID-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound. For the Parent Company, the loan portfolio and deposit liabilities had a growth rate of 14.90% and 15.30, respectively. This recovery resulted in positive gains for the Parent Company, generating a net income of P267.93 million in 2022 coming from a net loss of P1.06 billion in 2021.

- (c) Management's strategic operational objectives in growing loans and deposits, achieving operational efficiency, and pursuing long-term vision of a military bank. Also, the Parent Company remains to be highly liquid, will continue to address its liquidity needs and gradually grow its lending business given its high liquidity coverage ratio of 218% and 254% and net stable funding ratio of 136% and 151% as of December 31, 2022 and 2021, respectively.
- (d) The Parent Company is a private bank granted authority to receive deposit of government funds as an official government depository under RA No. 11597.

PART II – OTHER INFORMATION

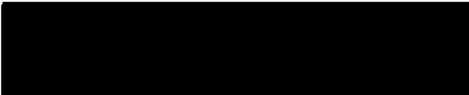
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SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **Philippine Veterans Bank**

Signature

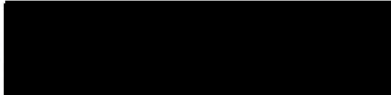

RENATO A. CLARAVALL

Title

President and Chief Executive Officer

Date

Signature


VP FLORENCE T. PALACIO

Title

Controller

Date

PHILIPPINE VETERANS BANK AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in Philippine Peso)

	Consolidated	
	Unaudited March 31, 2023	Audited December 31, 2022
ASSETS		
Cash and Other Cash Items	984,168,898	934,495,896
Due from Bangko Sentral ng Pilipinas	11,919,123,930	11,902,072,441
Due from Other Banks	1,186,558,013	1,157,136,383
Interbank Loans Receivable and Securities Purchased Under Resale Agreement	2,371,571,770	1,673,976,545
Financial Assets at Fair Value Through Profit or Loss	850,623,556	104,907,282
Financial Assets at Fair Value Through Other Comprehensive Income	5,952,818,459	5,556,025,368
Debt securities at amortized cost	14,035,143,437	11,169,868,365
Loans and Receivables	23,135,726,000	23,159,311,373
Investment in Subsidiaries	-	-
Bank Premises, Furniture, Fixtures and Equipment	823,651,264	843,519,374
Right of Use Asset	185,354,281	198,108,766
Investment Properties	2,511,814,975	2,287,286,537
Deferred Tax Assets	359,222,650	359,222,650
Other Assets	1,782,485,687	1,891,628,515
	66,098,262,920	61,237,559,495
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities		
Demand	41,230,517,371	38,434,886,425
Savings	13,805,040,423	13,606,900,775
Time	4,711,725,043	4,153,198,887
	59,747,282,837	56,194,986,087
Marginal Deposits and Cash Letters of Credit	112,623,405	-
Manager's Checks	121,782,971	57,866,552
Accrued Taxes, Interest and Other Expenses	302,886,357	330,501,343
Lease Liabilities	229,759,616	240,618,020
Income Tax Payable	18,906,881	15,146,553
Other Liabilities	2,774,893,202	1,619,800,211
	63,308,135,269	58,458,918,766
Equity		
Capital stock	2,893,745,287	2,888,650,487
Treasury Stock	(378,599,039)	(378,599,039)
Additional paid-in capital	8,029,321	8,064,033
Surplus Reserve	1,280,920,430	1,280,920,430
Appropriated Retained Earnings	361,616,154	361,616,154
Surplus	(1,342,179,702)	(1,308,549,909)
Remeasurement gain (loss) on net retirement plan	71,012,920	71,012,426
Net accumulated unrealized gains (loss) on available-for-sale financial assets	(103,704,048)	(143,683,266)
Cumulative translation adjustment	(448,441)	(448,441)
	2,790,392,882	2,778,982,875
Non-Controlling Interest	(265,231)	(342,146)
	2,790,127,651	2,778,640,729
	66,098,262,920	61,237,559,495

	Unaudited	
	For the Three-months ended	
	March	
	2023	2022
INTEREST INCOME		
Loans and receivables	396,879,685	326,893,883
Investment securities at amortized cost and fair value through other comprehensive income	208,838,259	73,603,600
Deposits with banks	93,936,952	59,875,662
Interbank loans receivable and securities purchased under resale agreements	26,071,580	7,516,392
Financial asset at fair value through profit or loss	987,063	(367,653)
	726,713,559	467,531,884
INTEREST EXPENSE		
Deposit liabilities	55,609,784	47,447,406
Bills payable	-	211,957
Lease Liability	5,844,362	6,673,836
	61,454,146	54,333,199
NET INTEREST INCOME	665,259,413	413,198,685
Gain on sale of assets	3,866,333	31,109,698
Service fees and commissions	37,195,187	32,600,169
Gains on asset foreclosures and dacion transactions	34,674,705	57,208,254
Income from trust operations	3,506,599	2,970,204
Trading gains (losses) - net	31,207,122	10,691,205
Foreign exchange gain (losses) - net	(954,998)	956,143
Loss on loan modification	-	-
Equity in net loss of an associate	-	-
Other operating income	16,172,248	14,399,630
TOTAL OPERATING INCOME	790,926,609	563,133,988
Provision for impairment and credit losses	106,815,248	107,963,971
Compensation and fringe benefits	223,709,919	205,328,502
Depreciation and amortization	79,865,102	101,080,006
Write-off of software in progress	-	-
Occupancy	56,330,768	58,276,263
Repairs and Maintenance	89,943,446	85,815,185
Taxes and licenses	51,184,647	40,940,314
Insurance	35,418,635	41,815,441
Amortization of software costs	-	-
Communications	9,595,060	12,888,042
Transportation and travel	13,863,377	10,483,222
Litigation and expenses on acquired assets	19,249,741	9,827,673
Professional fees	20,116,732	6,322,731
Advertising and publicity expense	7,560,000	7,614,911
Fees and Commission	4,966,686	2,560,398
Bangko Sentral ng Pilipinas supervision fees	3,360,594	3,624,450
Membership fees and dues	2,473,274	3,334,460
Office supplies	3,694,215	4,032,875
Freight expenses	1,232,273	1,497,500
Entertainment, amusement and representation expense	1,690,984	1,243,903
Fines and penalties	2,437,856	5,303
Miscellaneous	17,197,108	16,560,427
TOTAL OPERATING EXPENSES	750,705,665	721,215,577
INCOME BEFORE INCOME TAX	40,220,944	(158,081,589)
PROVISION FOR INCOME TAX	72,552,897	47,174,805
NET INCOME	(32,331,953)	(205,256,394)
Attributable to:		
Equity holders of the Parent Company	(32,331,953)	(205,256,394)
Non-controlling interest		
	(32,331,953)	(205,256,394)

	Unaudited	
	For the Three-months ended	
	March	
	0	0
INCOME/ (LOSS) BEFORE INCOME TAX	40,220,944	(158,081,589)
PROVISION FOR INCOME TAX	72,552,897	47,174,805
NET INCOME/ (LOSS)	(32,331,953)	(205,256,394)
Attributable to:		
Equity holders of the Parent Company	(32,331,953)	(205,256,394)
Non-Controlling Interest	-	-
	(32,331,953)	(205,256,394)

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited	
	For the Three-months ended	
	March	
	2023	2022
Net Income/ (Loss)	(32,331,953)	(205,256,394)
Other Comprehensive Income (Losses):		
Remeasurement gains (losses) of retirement plan, net of tax	71,012,920	5,708,507
Net unrealized gains (losses) on available-for-sale financial assets sale financial assets	(103,704,048)	(108,123,499)
Cumulative translation adjustment	(448,441)	57,269
TOTAL COMPREHENSIVE INCOME (LOSSES)	(65,471,522)	(307,614,117)
Attributable to:		
Equity holders of the Parent Company	(65,394,607)	(307,614,117)
Non-Controlling Interest	76,915	4,139
	(65,471,522)	(307,618,256)

	Preferred Stock	Common Stock	Stock Dividends Distributable	Total Capital Stock	Treasury Stock	Additional Paid-in Capital	Surplus Reserves	Accumulated Surplus	Surplus (Deficit)	Retained Earnings (Loss) on Retention Plan	Accumulated Unretained Gains (Losses)	Net Operating Assets	Non-controlling Interest	Total Equity
Balances at January 01, 2023	362,304,300	2,515,587,287	7,815,900	2,885,605,487	(378,599,039)	8,064,033	1,360,920,430	361,616,154	(1,308,542,699)	71,012,426	(143,663,266)	448,441	0	2,776,992,215
Adjustment on September Balance Sheet at January 01, 2023, as presented	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	362,304,300	2,515,587,287	7,815,900	2,885,605,487	(378,599,039)	8,064,033	1,360,920,430	361,616,154	(1,308,542,699)	71,012,426	(143,663,266)	448,441	0	2,776,992,215
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income from approved surplus representing shares of previously unissued stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to surplus from the Board of Trustees of the Veterans of World War II	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of stock dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to the shareholders through the Board of Trustees of the Veterans of World War II	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of stock dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of bonded dividends payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of stock dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of subscriptions to common stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of stock dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of the accumulated cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at March 31, 2023	362,304,300	2,522,812,087	7,815,900	2,892,995,287	(378,599,039)	8,029,130	1,360,920,430	361,616,154	(1,342,714,145)	71,012,820	(133,324,446)	448,441	0	2,781,193,400
	362,304,300.00	2,522,812,087.00	7,815,900.00	2,892,995,287.00	(378,599,039.00)	8,029,130.00	1,360,920,430.00	361,616,154.00	(1,342,714,145.00)	71,012,820.00	(133,324,446.00)	448,441.00	0.00	2,781,193,400.00

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the 1st quarter ended March 2023 (unaudited)

	Consolidated										Net		Non-controlling		Total	
	Preferred Stock	Common Stock	Stock Dividends Distributable	Capital Stock	Treasury Stock	Additional Paid-in Capital	Surplus Reserve	Appropriated Surplus	Surplus (Deficit)	Re measurement Gain (Losses) on Retirement Plan	Accumulated Unrealized Gain (Losses)	Cumulative Translation Adjustment	Total	Non-controlling Interest	Total Equity	
Balance at January 01, 2023	362,304,300	2,518,827,287	7,818,900	2,888,650,487	(378,589,039)	8,004,003	1,280,920,430	361,616,154	(1,308,548,566)	71,012,420	(141,083,366)	448,441	2,778,862,815	(342,147)	2,778,520,668	
Adjustment on beginning balance																
Balance at January 01, 2023, as revised	362,304,300	2,518,827,287	7,818,900	2,888,650,487	(378,589,039)	8,004,003	1,280,920,430	361,616,154	(1,308,548,566)	71,012,420	(141,083,366)	448,441	2,778,862,815	(342,147)	2,778,520,668	
Net income										494	38,879,218	0	39,373,712	78,918	40,056,629	
Other comprehensive income																
Transfer to surplus reserve from appropriated surplus representing shares of previously unissued stockholders		4,330,100											4,330,100		4,330,100	
Reversal of stock dividends																
Distribution to the shareholders through the Board of Trustees of the Veterans of World War II																
Reversal of stock dividends payable																
Reversal of stock dividends payable																
Acquisition of treasury stock																
Collections of subscriptions to common stock																
Payment of stock dividends		14,700											14,700		14,700	
Adjustment		750,000														
Balance at March 31, 2023	362,304,300	2,523,827,087	7,818,900	2,893,745,287	(378,589,039)	8,009,210	1,280,920,430	361,616,154	(1,302,179,702)	71,012,920	(103,704,048)	448,441	2,790,382,882	(265,231)	2,790,117,651	

INTERIM NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1. Cash and Cash Equivalents

	Unaudited March 31 2023	Audited December 31 2022	Unaudited March 31 2022
Cash and Other Cash Items	984,168,898	934,495,896	810,948,449
Due from BSP	11,919,123,930	11,902,072,441	21,199,379,008
Due from Other Banks	1,186,558,013	1,157,136,383	781,246,601
Interbank Loans Receivable	2,371,571,770	1,673,976,545	2,072,939,819
	16,461,422,611	15,667,681,265	24,864,513,877

2. FVTPL and Available-for-Sale Investments

The following table shows financial instruments recognized at fair value for the Group, analyzed between those whose fair value is based on:

- **Level 1** - Quoted in market prices in active markets for identical assets or liabilities
- **Level 2** - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- **Level 3** - Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of March 31, 2023 and December 31, 2022, the Group held the following financial instruments measured at fair value (in thousands):

	March 31, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVPL				
Designated at FVTPL	-	-	850,624	850,624
Government securities			-	-
AFS investments				-
Government securities	5,680,692		-	5,680,692
Private debt securities	82,970		-	82,970
Quoted equity securities	87,460			87,460
Unquoted equity securities		101,696		101,696
	5,851,122.00	101,696.00	850,624.00	6,803,442

	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVPL				
Designated at FVTPL			104,907	104,907
Government debt securities			-	-
Financial assets at FVOCI				-
Government securities		4,745,574		4,745,574
Private securities	625,112			625,112
Quoted equity securities	83,644			83,644
Unquoted equity securities		101,696		101,696
	708,756.00	4,847,270.00	104,907.00	5,660,933

3. Bank Premises, Furniture, Fixtures and Equipment

The composition and movements of this account for the Group for the periods ended March 31, 2023 and December 31, 2022 and are as follows (amounts in thousands):

Consolidated (March 31, 2023)						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use	Total
Cost						
Balances at December 31, 2022 (Audited)	205,836	590,016	1,014,909	538,585	342,412	2,691,758
Additions/ reclassifications	-	6,856	7,702	-	-	14,558
Disposals/ reclassifications	-	(1,322)	(4,400)	-	-	(5,722)
Balances at March 31, 2023 (Unaudited)	205,836	595,550	1,018,211	538,585	342,412	2,700,594
Accumulated Depreciation and Amortization						
Balances at December 31, 2022 (Audited)	-	311,961	795,902	397,694	144,304	1,649,861
Addition / reclassifications	-	7,691	17,800	9,407	12,754	47,652
Disposal/reclassification	-	(64)	(2,713)	(4,007)	-	(6,785)
Impairment	269	591	-	-	-	860
Balances at March 31, 2023 (Unaudited)	269	320,179	810,989	403,094	157,058	1,691,588
Net book values (Unaudited)	205,567	275,371	207,222	135,491	185,354	1,009,006

Consolidated (December 31, 2022)						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use	Total
Cost						
Balances at December 31, 2021 (Audited)	205,566	563,015	974,563	507,595	331,924	2,582,663
Additions/ reclassifications	-	72,867	68,951	30,991	26,343	199,152
Disposals/ reclassifications/adjustments	-	(45,866)	(28,605)	-	(15,855)	(90,326)
Balances at December 31, 2022 (Audited)	205,566	590,016	1,014,909	538,586	342,412	2,691,488
Accumulated Depreciation and Amortization						
Balances at December 31, 2021 (Audited)	-	281,473	747,489	370,578	97,631	1,497,171
Addition / reclassifications	-	30,520	77,180	37,155	51,615	196,470
Disposal/reclassifications/adjustments	-	(32)	(28,768)	(10,038)	(4,943)	(43,781)
Balances at December 31, 2022 (Audited)	-	311,961	795,901	397,695	144,303	1,649,860
Net book values (Audited)	205,566	278,055	219,008	140,891	198,109	1,041,628

4. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses of the Group for the three months ended March 31, 2023 are summarized as follows (amounts in thousands):

Balances at beginning of the year (Audited):	
Loans and receivables	3,868,376
Interbank loans receivable and SPURA	1,081,762
AFS financial assets	-
Debt securities at FVOCI	1,124
Investment properties	218,402
Investment in subsidiaries and associate	-
Debt securities at amortized cost	-
Due from other banks	402
Other assets	165,308
	5,335,374
Provision for impairment and credit losses during the period	106,815
Accounts written off and reversals	(26,053)
Reallocation/ Adjustment	-
	80,762
Balances at the end of the period (Unaudited):	
Loans and receivables	3,922,083
Interbank loans receivable and SPURA	1,108,893
AFS financial assets	-
Debt securities at FVOCI	1,124
Investment properties	335,137
Debt securities at amortized cost	-
Due from other banks	402
Investment in subsidiaries and associate	-
Other assets	48,497
	5,416,136

5. Investment Properties

The composition and movements of this account for the periods ended March 31, 2023 and December 31, 2022 are as follows (amounts in thousands):

	Consolidated (March 31, 2023)		
	Land	Buildings and Others	Total
Cost			
Balances at December 31, 2022 (Audited)	2,290,240	392,229	2,682,469
Additions/Reclassifications	39,152	672,922	712,074
Disposals/Reclassifications	(4,666)	(4,696)	(9,362)
Balances at March 31, 2023 (Unaudited)	2,324,726	1,060,455	3,385,181
Accumulated Depreciation			
Balances at December 31, 2022 (Audited)	-	176,781	176,781
Depreciation and amortization	-	362,733	362,733
Disposals/Reclassifications	-	(1,285)	(1,285)
Balances at March 31, 2023 (Unaudited)	-	538,229	538,229
Allowance for Impairment Losses			
Balances at December 31, 2022 (Audited)	198,801	19,601	218,402
Provisions/Reclassifications	-	116,735	116,735
Disposal/Reclassifications/Write-offs	-	-	-
Balances at March 31, 2023 (Unaudited)	198,801	136,336	335,137
Net Book Values	2,125,925	385,890	2,511,815

	Consolidated (December 31, 2022)		
	Land	Buildings and Others	Total
Cost			
Balances at December 31, 2021 (Audited)	2,050,955	531,634	2,582,589
Additions/Reclassifications	402,496	46,266	448,762
Disposals/Reclassifications	(163,211)	(185,671)	(348,882)
Balances at December 31, 2022 (Audited)	2,290,240	392,229	2,682,469
Accumulated Depreciation			
Balances at December 31, 2021 (Audited)	-	301,451	301,451
Depreciation and amortization	-	40,427	40,427
Disposals/Reclassifications	-	(165,098)	(165,098)
Balances at December 31, 2022 (Audited)	-	176,780	176,780
Allowance for Impairment Losses			
Balances at December 31, 2021 (Audited)	201,175	17,249	218,424
Provisions/Reclassifications	5,858	2,352	8,210
Disposal/Reclassifications/Write-offs	(8,232)	-	(8,232)
Balances at December 31, 2022 (Audited)	198,801	19,601	218,402
Net Book Values	2,091,439	195,848	2,287,286

CERTIFICATION OF INDEPENDENT DIRECTOR

I. **JOSE A. NUÑEZ, JR.**, Filipino, of legal age and a resident of 8117 Santol Street, Marcelo Green Village, Parañaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE VETERANS BANK** and have been its independent director since **2018**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
Tranzen Group, Inc.	2008 - present	Director & Treasurer
La Costa Development Corporation, Inc.	2008 - present	Director & Treasurer
Agus 3 Hydro Corp.	2008 - present	Director and Treasurer
Lear Aero Ltd., Inc.	2012- present	Director and Treasurer
Intervest Project Inc.	2019 - present	Director
Intervest Insurance Assurance Inc.	2019 - present	Director
Unicapital Securities, Inc.	2017 - present	Vice-Chairman
Unicapital, Inc.	2017 - present	Director
Unicapital Finance, Inc.	2017 - present	Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED / INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Jose Nuñez, Jr. et al. vs. Enforcement and Investor Protection Department	Docketed as SEC En Banc Case No. 09-16-415	pending before the Securities and Exchange Commission En Banc

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised CMI Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances,
8. I shall inform the Corporate Secretary of **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of _____ day of _____, at **PASIG CITY**

JOSE A. NUÑEZ, JR.
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of _____ at **PASIG CITY** affiant personally appeared before me and exhibited to me his Passport ID No. _____

Doc. No. 265;
Page No. 14;
Book No. 25;
Series of 2023

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2024
PTR # A-5725261 JAN. 03, 2023 Taguig City.
IBP NO. 248418/10/06/2022 RSM (FOR YR. 2023)
ROLL NO. 41969
MCLE COMP. VI NO. 0021812
MARCH 29, 2019
APP No. 61 (2023-2024)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR A. RUBIO**, Filipino, of legal age and a resident of 29 Cauliflower, Valle Verde 5, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE VETERANS BANK** and have been its independent director since **2018**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
Intervest Projects, Inc.	2018 – present	Director
Intervest Insurance Agency, Inc.	2018 – present	Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED /INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised CMI Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances,
8. I shall inform the Corporate Secretary of **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of MAY 09 2023 day of _____, at PASIG CITY

CESAR A. RUBIO
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 09 2023 day of _____ at PASIG CITY affiant personally appeared before me and exhibited to me her Senior Citizen ID No. _____

Doc. No. 266
Page No. 18
Book No. 28
Series of 2023

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2024
PTR # A-5725261/JAN. 03, 2023 Taguig City.
IBP NO. 248416/10/06/2022 RSM (FOR YR. 2023)
ROLL NO. 41969
MCLE COMP. VI NO. 0021812
MARCH 29, 2019
APP No. 61 (2023-2024)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MA. CECILIA G. SORIANO**, Filipino. of legal age and a resident of 5 Dagohoy Street, Ayala Heights Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE VETERANS BANK**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
Foundation for Economic Freedom (FEF)	March 2017 - Present	Member, Board of Trustee
Foundation for Economic Freedom (FEF)	July 2012 - Present	Member
AguaJaring (Sea Capacity Building Network for Integrated Water Resources Management (IWRM))	January 2007 – Present	Founding Member
Philippine Capacity Building Network for IWRM	May 2006 - Present	Co-Founder and President
Capacity Building Network for IWRM funded by UNDP	January 2018 - Present	Network Manager
World Bank (WB)	January 2021 - Present	Consultancy
Asian Development Bank (ADB)	April 26, 2021 – Present	Consultancy
Japan International Cooperation Agency (JICA)	April 26, 2021 – Present	Consultancy

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED / INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised CMI Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances,
8. I shall inform the Corporate Secretary of **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of 09 day of MAY, at PASIG CITY.

MA. CECILIA G. SORIANO
Independent Director

SUBSCRIBED AND SWORN to before me this 09 day of MAY, at PASIG CITY, affiant personally appeared before me and exhibited to me her Senior Citizen ID [REDACTED]

Doc. No. 767;
Page No. 15;
Book No. 21;
Series of 2023

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2024
PTR # A-5725261 JAN. 03, 2023 Taguig City,
IBP NO. 248416/10/06/2022 RSM (FOR YR. 2023)
ROLL NO. 41969
MCLE COMP. VI NO. 0021812
MARCH 29, 2019
APP No. 61 (2023-2024)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **REYNALDO V. VELASCO**, Filipino, of legal age and a resident of 17 Watson Street Ayala Hillside Estates, Old Balara, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE VETERANS**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
PMA Alumni Association, Inc.	1971-present	Member
Filipino Veterans, Inc.	2020-present	Trustee
Filipino Veterans, Inc.	2020-2023	Chairman
The Metropolitan Waterworks and Sewerage System	2019-present	Chairman, Board of Trustee
The Metropolitan Waterworks and Sewerage System	2021-present	Concurrent, OIC Administration

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED / INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised CMI Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances,
8. I shall inform the Corporate Secretary of **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of MAY 09 2023, at **PASIG CITY**

REYNALDO V. VELASCO
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 09 2023 day of PASIG CITY, at
personally appeared before me and exhibited to me his Senior Citizen ID [REDACTED]

Doc. No. 268;
Page No. 55;
Book No. 25;
Series of 2023

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2024
PTR # A-5725261 JAN. 03, 2023 Taguig City.
IBP NO. 248416/10/06/2022 RSM(FOR YR. 2023)
ROLL NO. 41969
MCLE COMP. VI NO. 0021812
MARCH 29, 2019
APP No. 61 (2023-2024)

Category: Annex A
Category A- 1

Deadline: 20 banking days after
the reference quarter

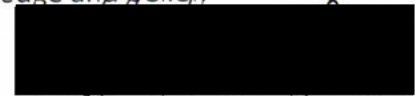
<u>Philippine Veterans Bank</u>	<u>00360</u>
Name of Bank	Code
<u>PVB Head Office Building, 101 V.A. Rufino corner Dela Rosa Streets Legaspi Village, Makati City</u>	
Address	

Report on Material Related Party Transactions (Revised)

As of 31 March 2022

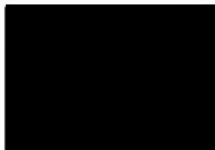
REPUBLIC OF THE PHILIPPINES
PASIG CITY) S.S

I /We solemnly swear that all matters set forth in this report are true and correct,
to the best of my/our knowledge and belief


Roberto F. de Ocampo, OBE
Chairman and CEO

SUBSCRIBE AND SWORN to before me this APR 22 2022 day of _____,
affiants exhibiting to me his Passport with Passport ID # 

Notary Public


Until December 31, 20 _____
PTR No. _____
Place _____
CAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5378160/ 01-03-2022 / TAGUIG CITY
IBP NO. 167462 / Nov. 18, 2021 RSM (for yr 2022)
ROLL NO. 41969
MCLE COMP. VI No. 0021012
MARCH 29, 2019
APP No. 38(2021-2022)

Doc. No. 261
Page No. 54
Book No. 16
Series of 2022



21 April 2022

Bangko Sentral ng Pilipinas

A. Mabini St., Malate 1004 Manila

Attention : **Atty. Rosilio O. Prado**
Director
Financial Supervision Department VIII

Subject : **Report on Material Related Party Transactions
from 01 January 2022 to 31 March 2022**

Dear **Atty. Prado**:

In compliance with the Bangko Sentral ng Pilipinas' reportorial requirement, we are submitting herewith the Report on Material Related Party Transactions from **01 January 2022 to 31 March 2022**.

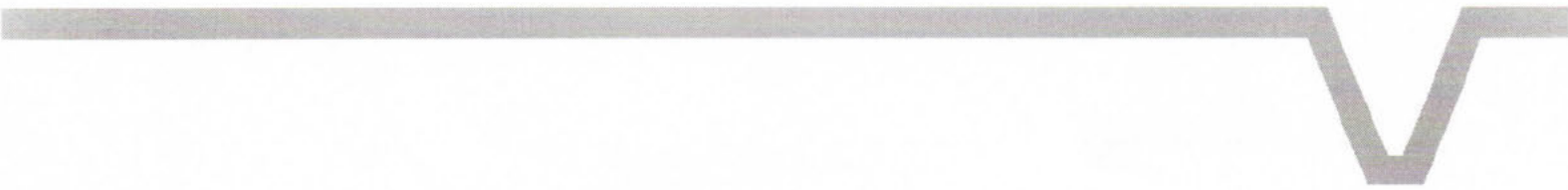
We trust that you will find the foregoing in order.

Thank you.

Very truly yours,

A black rectangular box redacting the signature of the sender.

Atty. Jocelyn Grace N. Navato
Acting Corporate Governance Officer



As of 31 March 2022
Date:

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price (gross of tax)	Terms	Rationale for Entering into the Transaction
New Rural Bank of Agoncillo, Inc.	Subsidiary	February 8, 2022	Sale of Salary Loan Portfolio	25,088,921.93	As approved by Board on January 31, 2022	Income generation
BTVWWII	Related Interest	January to March 2022	Donation	5,956,011.99	Monthly financial assistance for BTVWWII	Donation to BTVWWII
Intervest Insurance Agency	Subsidiary	January to March 2022	Payment of CRI premium of borrowers to IIAI	13,059,414.71	AFP/PVAO PL/SL Newly Booked Loans	IIAI is PVB's insurance broker for CRI coverage
				15,817,899.38	AFP/PVAO Monthly Amortized CRI Payments on Booked Pension Loans	
TOTAL:						59,922,248.01

Category:

Annex A
Category A- 1

Deadline:

20 banking days after
the reference quarter

<u>Philippine Veterans Bank</u>	<u>00360</u>
Name of Bank	Code
<u>PVB Head Office Building, 101 V.A. Rufino corner Dela Rosa Streets Legaspi Village, Makati City</u>	
Address	

Report on Material Related Party Transactions (Revised)

As of	<u>30 June 2022</u>
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REPUBLIC OF THE PHILIPPINES

PASIG CITY) S.S

I /We solemnly swear that all matters set forth in this report are true and correct,
to the best of my/our knowledge and belief.


Roberto F. de Ocampo, OBE
Chairman and CEO

SUBSCRIBE AND SWORN to before me this JUL 14 2022 day of _____,
affiants exhibiting to me his Passport with Passport ID # .

Notary Public

Doc. No. 429
Page No. 87
Book No. 28
Series of 2022


GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5378100/ 01-03-2022 / TAGUIG CITY
IBP NO. 167462 / Nov. 18, 2021 RSM (for yr 2022)
ROLL NO. 41969
MCLE COMP. VI No. 0021812
MARCH 29, 2019
APP No. 38(2021-2022)

veteransbank

12 July 2022

Bangko Sentral ng Pilipinas

A. Mabini St., Malate 1004 Manila

Attention : **Atty. Rosilio O. Prado**
Director
Financial Supervision Department VIII

Subject : **Report on Material Related Party Transactions
from 01 April 2022 to 30 June 2022**

Dear **Atty. Prado**:

In compliance with the Bangko Sentral ng Pilipinas' reportorial requirement, we are submitting herewith the Report on Material Related Party Transactions from **01 April 2022 to 30 June 2022**.

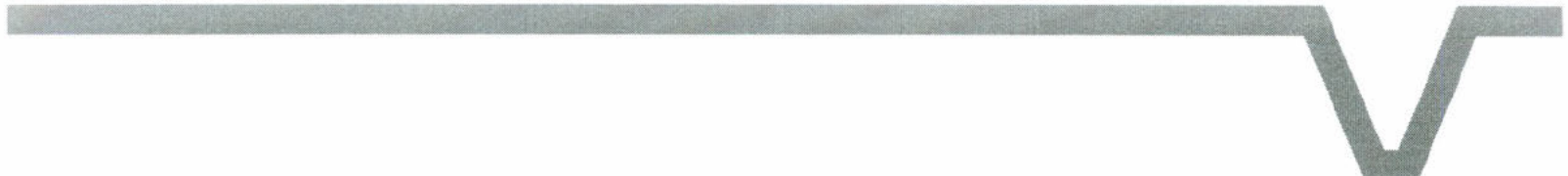
We trust that you will find the foregoing in order.

Thank you.

Very truly yours,



Atty. Jocelyn Grace N. Navato
Acting Corporate Governance Officer



Philippine Veterans Bank
Name of Bank

000360
Bank Code

As of 30 June 2022
Date:

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price (gross of tax)	Terms	Rationale for Entering into the Transaction
BTVWWII	Related Interest	April to June 2022	Donation	5,914,880.61	Monthly financial assistance for BTVWWII	Donation to BTVWWII
Intervest Insurance Agency	Subsidiary	April to June 2022	Payment of CRI premium of borrowers to IIAI	16,981,353.84	AFP/PVAO PL/SL Newly Booked Loans	IIAI is PVB's insurance broker for CRI coverage
				10,166,735.21	AFP/PVAO Monthly Amortized CRI Payments on Booked Pension Loans	
TOTAL:				33,062,969.66		

Category:

Annex A
Category A- 1

Deadline:

20 banking days after
the reference quarter

<u>Philippine Veterans Bank</u>	<u>00360</u>
Name of Bank	Code
<u>PVB Head Office Building, 101 V.A. Rufino corner Dela Rosa Streets Legaspi Village, Makati City</u>	
Address	

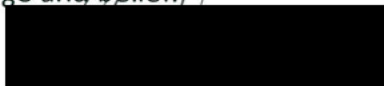
Report on Material Related Party Transactions

As of	<u>30 September 2022</u>
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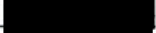
REPUBLIC OF THE PHILIPPINES

_____) S.S

I /We solemnly swear that all matters set forth in this report are true and correct,
to the best of my/our knowledge and belief.


Roberto F. de Ocampo, OBE

Chairman and CEO

SUBSCRIBE AND SWORN to before me this _____ day of 25 OCT 2022
affiants exhibiting to me his Passport with Passport ID # .

Notary Public

Until December 31, 20 _____

PTR No. _____

Place _____

Doc. No. 326
Page No. 66
Book No. XIII
Series of 2022


ATTY. CATHERINE B. VILLA-SACRO
Notary Public for and in Makati City until December 31, 2021
Extended until December 31, 2022 Pursuant to Bar Matter No. 3795
Appointment No. M-438
PVB Building, No. 101 V.A. Rufino cor Dela Rosa Sts., Legaspi Village, Makati City
P.T.R. No. 8852764 / 01-04-2022 / Makati City
IBP Life Member No. 04361 Cavite Chapter Roll of Attorneys No. 42440
M.C.L.E Compliance No. VI-0019656 / March 26, 2019
MCLE Extended until April 14, 2023 / Per Bar Matter No. 850



24 October 2022

Bangko Sentral ng Pilipinas
A. Mabini St., Malate 1004 Manila

Attention : **Atty. Rosilio O. Prado**
Director
Financial Supervision Department VIII

Subject : **Report on Material Related Party Transactions
from 01 July 2022 to 30 September 2022**

Dear **Atty. Prado**:

In compliance with the Bangko Sentral ng Pilipinas' reportorial requirement, we are submitting herewith the Report on Material Related Party Transactions from **01 July 2022 to 30 September 2022**.

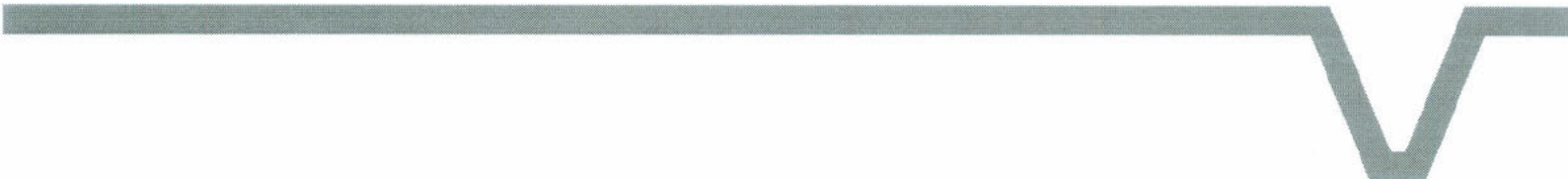
We trust that you will find the foregoing in order.

Thank you.

Very truly yours,

A solid black rectangular box used to redact the signature of the sender.

Atty. Jocelyn Grace N. Navato
Acting Corporate Governance Officer



Philippine Veterans Bank
Name of Bank

000360
Bank Code

As of 30 September 2022
Date:

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price (gross of tax)	Terms	Rationale for Entering into the Transaction
BTVWWII	Related Interest		Donation	7,409,166.67	Monthly financial assistance for BTVWWII	Donation to BTVWWII
Intervest Insurance Agency	Subsidiary	July to September 2022	Payment of CRI premium of borrowers to IIAI	18,048,597.85	AFP/PVAO PL/SL Newly Booked Loans	IIAI is PVB's insurance broker for CRI coverage
				14,896,817.38	AFP/PVAO Monthly Amortized CRI Payments on Booked Pension Loans	
			Insurance	10,681,181.25	Based on SLA. Insurance premiums paid by PVB are remitted by IIAI (as broker) to insurance companies	IIAI is PVB's insurance broker
		July 2022	Renewal of Attachment Bond under Policy /Bond No. JCL (4) 08278, relative to the Bank's case "PVB vs. Kuntel Construction And Development Corp." under CV No. R-MKT-18-02683-CV	160,000.00	Based on SLA	IIAI is PVB's insurance broker
			Renewal of Attachment Bond under Policy /Bond No. JCL (4) 04962, relative to the Bank's case "PVB vs. Gadgets In Style Trading Corp." under CV No. R-MKT-18-02603-CV	375,000.00		
		July to September 2022	Payment of Fire Insurance Premium of borrowers to IIAI	477,711.43	Newly Booked Loans	IIAI is PVB's insurance broker for Fire Insurance coverage
				656,301.15	Renewal of Fire Insurance premium Payments on Booked Mortgage Loans	
New Rural Bank of Agoncillo, Inc.		September 2022	Sale of Salary Loan / Salary Loan Buy-out	10,828,224.26	based on Board approval	revenue generation
TOTAL:				63,532,999.99		

Category:

Annex A
Category A- 1

Deadline:

20 banking days after
the reference quarter

<u>Philippine Veterans Bank</u>	<u>00360</u>
Name of Bank	Code
<u>PVB Head Office Building, 101 V.A. Rufino corner Dela Rosa Streets Legaspi Village, Makati City</u>	
Address	

Report on Material Related Party Transactions

As of <u>31 December 2022</u>

REPUBLIC OF THE PHILIPPINES

PASIG CITY) S.S

I /We solemnly swear that all matters set forth in this report are true and correct,
to the best of my/our knowledge and belief.

Roberto F. de Ocampo, OBE
Chairman and CEO

SUBSCRIBE AND SWORN to before me this JAN 17 2023 day of _____,
affiants exhibiting to me his Passport with Passport ID # _____.

Notary Public

Doc. No. 283
Page No. 59
Book No. 3
Series of 2022

Unt _____ 20 _____
PTR _____
Pla _____
GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2024
PTR # 0112601 JAN. 03, 2023 Pasig City
ISP NO. 248416/10/06/2022 RSM(FOR YR. 2023)
ROLL NO. 41969
MCLE COMR VI NO. 0021812
MARCH 29, 2019
APP No. 61 (2023-2024)



13 January 2023

Bangko Sentral ng Pilipinas

A. Mabini St., Malate 1004 Manila

Attention : **Atty. Rosilio O. Prado**
Director
Financial Supervision Department VIII

Subject : **Report on Material Related Party Transactions
from 01 October 2022 to 31 December 2022**

Dear **Atty. Prado**:

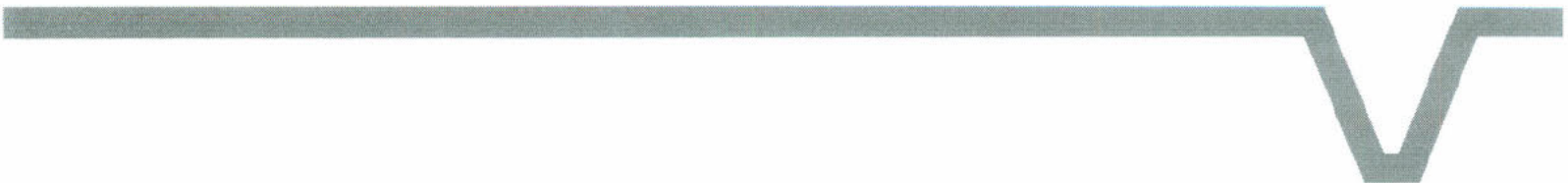
In compliance with the Bangko Sentral ng Pilipinas' reportorial requirement, we are submitting herewith the Report on Material Related Party Transactions from **01 October 2022 to 31 December 2022**.

We trust that you will find the foregoing in order.

Thank you.

Very truly yours,


Atty. Jocelyn Grace N. Navato
Acting Corporate Governance Officer



Philippine Veterans Bank
Name of Bank

000360
Bank Code

As of 31 December 2022
Date:

Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/Contract Price (gross of tax)	Terms	Rationale for Entering into the Transaction
BTVWWII	Related Interest	October to December 2022	Donation	2,696,471.52	Monthly financial assistance for BTVWWII	Donation to BTVWWII
			Donation	5,114,225.59		
Intervest Insurance Agency	Subsidiary		INSURANCE	9,694,306.23	Based on SLA. Insurance premiums paid by PVB are remitted by IIAI (as broker) to insurance companies	IIAI is PVB's insurance broker
			Payment of CRI premium of borrowers to IIAI	16,075,639.52	AFP/PVAO PL/SL Newly Booked Loans	IIAI is PVB's insurance broker for CRI coverage
				15,120,051.21	AFP/PVAO Monthly Amortized CRI Payments on Booked Pension Loans	
			Payment of Fire Insurance Premium of borrowers to IIAI	528,786.24	Mortgage Newly Booked Loans	IIAI is PVB's insurance broker for Fire Insurance coverage
				605,849.81	Renewal of Fire Insurance premium Payments on Booked Mortgage Loans	
TOTAL:				49,835,330.12		