

COVER SHEET

A 1 9 9 7 0 1 5 8 4

S.E.C. Registration Number

PHILIPPINE BUSINESS BANK, INC.
a savings bank

(Company's Full Name)

350 RIZAL AVENUE EXTENSION
CORNER 8TH AVENUE GRACE PARK
CALOOCAN CITY

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

Rolando G. Alvendia

Contact Person

363-3333 local 2004

Company Telephone Number

Month Day

Fiscal Year

Definitive Information Statement

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

Document I.D.

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that pursuant to Section 4, Article II of the Amended By-Laws, the Annual Stockholder's Meeting of **PHILIPPINE BUSINESS BANK ("PBB")** will be held on Friday, May 25, 2018 at 2:00 PM at the Diamond Hotel Philippines, Roxas Boulevard corner Dr. J. Quintos Street, Manila, Philippines, to confirm and ratify the following actions of the Board of Directors, to wit:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Annual Stockholders Meeting held on May 26, 2017
5. President & CEO's report on management operations for 2017
6. Ratification of Past Actions of the Board and of Management
7. Ratification/Confirmation of the appointment of external auditor by the Board of Directors
8. Election of Directors for 2018-2019
9. Approval of the Amendment of: (i) Article 6 of the Articles of Incorporation and (ii) Article III, Section 1(a) of the By-Laws
10. Adjournment



Stockholders who will not, are unable to, or do not expect to attend the meeting in person may, at their option, designate their authorized representatives by means of Proxy. The Proxy instrument must be duly notarized and must be submitted to **Atty. Roberto S. Santos**, at the Office of the Corporate Secretary, located at 3/F PBB Corporate Center, 350 Rizal Avenue, corner 8th Ave., Grace Park, Caloocan City or **Stock Transfer Service, Inc.** at 34-D Rufino Pacific Tower 6784 Ayala Avenue, Makati City **not later than May 15, 2018.**

Only Stockholders of Record as of 5:30 p.m. of May 03, 2018 shall be entitled to vote at this meeting.


ATTY. ROBERTO S. SANTOS
Corporate Secretary

PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES

The nomination and election of the members of the Board of Directors should be in accordance with the nomination forms, procedure and requirements adopted by the Board of Directors. Any Stockholder may obtain the required nomination form from and must submit their nominations to the Corporate Governance and Compliance Committee or the Corporate Secretary at the following address not later than April 30, 2018.

Corporate Governance and Compliance Committee
PHILIPPINE BUSINESS BANK CORPORATE CENTER
350 Rizal Ave., Corner 8th Ave.,
Grace Park, Caloocan City

Atty. Roberto S. Santos
Corporate Secretary
PHILIPPINE BUSINESS BANK CORPORATE CENTER
3rd Flr., Legal Services Center,
350 Rizal Ave., Corner 8th Ave.,
Grace Park, Caloocan City

All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominees. The Nomination must indicate whether the nominees are intended to be independent directors and shall contain the nominee's age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The Directors and Independent Directors shall be elected from among the Bank's stockholders. All nominees for Directors and Independent Directors must possess the minimum requirements/qualifications and none of the disqualifications prescribed by Article III of the By-laws, Bangko Sentral Ng Pilipinas, Securities and Exchange Commission and other regulatory agencies/offices of listed bank, which includes Sec 23 and 27 of the Corporation Code (B.P. Blg. 68), Sec 15 of The General Banking Law, Rules and Regulation (RIRR) of the Securities Regulation Code, Sec X141 of the Manual of Regulations for Banks, and relevant circular or memorandum.

Please be guided accordingly.



ATTY. ROBERTO S. SANTOS
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE
COMMISSION
MAY 02 2018
MARKET REGULATION DEPT.
BY: [Signature] TIME: 12:30

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter PHILIPPINE BUSINESS BANK, INC.

3. Caloocan City, Philippines

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number A199701584

5. BIR Tax Identification Code 000-005-469-606

6. 350 Rizal Avenue corner 8th Avenue, Gracepark, Caloocan City 1400
Address of principal office Postal Code

7. Registrant's telephone number, including area code (02) 363-33-33

8. May 25, 2018 @ 2:00 p.m. at the Diamond Hotel, Roxas Blvd. Corner Dr. J. Quintos Street, Manila.
Date, time and place of the annual meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders on or before May 03, 2018.

10. In case of Proxy Solicitations:

PHILIPPINE BUSINESS BANK IS NOT SOLICITING PROXIES.

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):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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<u>Common</u>	<u>643,750,094</u>
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12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON SHARES OF STOCK

PHILIPPINE BUSINESS BANK, INC.

SEC FORM 20-IS

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date : May 25, 2018
Time : 2:00 p.m.
Place : Diamond Hotel, Roxas Blvd. Corner Dr. J. Quintos Street, Manila

Mailing Address of Principal Office:

350 Rizal Avenue corner 8th Avenue,
Gracepark, Caloocan City

This information statement shall be first sent or given thru personal delivery and/or by registered mail to stockholders and/or security holders on or before May 03, 2018.

Record Date

The record date for the purpose of determining the stockholders entitled to notice of and to vote at the Annual Meeting is May 03, 2018. (the "Record Date").

Dissenters' Right of Appraisal

At the scheduled regular meeting, there are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Sections 81 and 82, Title X of the Corporation Code of the Philippines which state that "Sec. 81. Instances of Appraisal of right. Any stockholder of the Bank shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of stockholders or extending corporate life of the corporation; 2) sale, transfer or lease of all or substantially all of the corporate properties; and 3) in case of merger or consolidation. Section 82. How right is exercised. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares xxx."

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

- A) No current director or officer of PBB, or nominee for election as director of the Bank or any associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in stockholders' meeting, other than election to office.
- B) No director has informed PBB in writing that he intends to oppose any action to be taken by the Bank at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- A.) Class of Voting Securities : 643,750,094 Common Shares are entitled to vote on May 25, 2018 Annual Stockholders Meeting.

- B.) Record Date : Only the stockholders of record as of May 03, 2018 are entitled to notice of and to vote at the meeting.
- C.) Foreign Ownership : 9,648,080 shares as of March 31, 2018 which is 1.50% of the total outstanding shares.

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

The method of counting the votes of the shareholders shall be in accordance with Sections 23 and 27 of the Corporation Code of the Philippines, 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 Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors.

All nomination forms shall be submitted to any of the members of the Nomination Committee or to the Corporate Secretary on or before April 30, 2018. The Nomination Committee shall pre-screen the qualifications of all the nominees and shall prepare a Final List of Candidates, which shall contain all the information about all the nominees for Independent Directors as required under existing rules and regulations.

As to the manner of voting, Article II, Section 7 of the Bank's By-laws provides that during the annual meeting, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. For this purpose, the proxy instrument must be duly notarized and presented and validated by the Corporate Secretary. Counting will be done by tabulation of the votes by the Corporate Secretary, who acts as the election inspector, with the assistance of her staff and the stock and transfer agent.

Under Section 24 of The Corporation Code of the Philippines, 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 also distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

PBB is not soliciting proxy from any of its stockholders.

Security Ownership of Certain Record and Beneficial Owners

The following persons own at least five per cent (5%) of the Bank's outstanding common shares as of March 31, 2018:

Title of Class	Name, Address of Record Owners and relationship with the issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	No. of shares held	Per cent of class
Common	Alfredo M. Yao 84 Dapitan St. corner Banawe St. Sta. Mesa Heights, Quezon City Stockholder	The record owner is the beneficial owner of the shares indicated	Filipino	239,838,309	37.26%
Common	PCD Nominee Corporation-Filipino 37/F, Tower 1, Enterprise Center, Ayala Avenue, Makati City	Various stockholders/clients. None among the stockholders under the PCD holds 5% or more of the Bank's securities.	Filipino	218,532,450	33.95%

Common	Zest-O Corporation 574 EDSA Caloocan City Stockholder (Represented by Carolyn S. Yao, authorized to vote the shares of Zest-O Corp.)	The record owner is the beneficial owner of the shares indicated	Filipino	162,052,922	25.17%
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Voting Trust Holders of 5% or more

To the extent known to the Bank, there is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement, as there has been no voting trust, which has been filed with the Bank and the Securities and Exchange Commission.

Change in Control

There is no arrangement that may result in a change in control of the Bank during the period covered by this report.

Security Ownership of Management

The following directors and executive officers of the Company directly own approximately [4.12%] percent of the Company's issued and outstanding common stock as of March 31, 2018 as follows:

Title of Class	Name of Director / Nationality	Present Position	No. of Shares / Nature	%
Common	Francis T. Lee / Filipino	Chairman	26,505,000 / Direct	4.12%
Common	Jeffrey S. Yao / Filipino	Vice-Chairman/Director	1,620,535 / Direct	negligible
Common	Leticia M. Yao / Filipino	Director	1,680,535 / Direct	negligible
Common	Rolando R. Avante / Filipino	President & CEO	646,048 / Direct	negligible
Common	Amador T. Vallejos, Jr. / Filipino	Director	38,575 / Direct	negligible
Common	Benjamin R. Sta. Catalina, Jr. / Filipino	Director	56,358 / Direct	negligible
Common	Paterno H. Dizon / Filipino	Director	110,465 / Direct	negligible
Common	Honorio O. Reyes-Lao / Filipino	Director	84,374 / Direct 170,624 / Indirect	negligible
Common	Roberto A. Atendido / Filipino	Director	108,750 / Direct	negligible
Common	Danilo A. Alcoceba / Filipino	Director	120 / Direct	negligible
Common	Joseph Edwin S. Cabalde / Filipino	Treasurer	14 / Direct	negligible
Common	Atty. Roberto S. Santos / Filipino	Internal Legal Counsel & Corp. Sec.	15,000 / Direct	negligible

The aggregate shareholdings of the Bank's Directors and Officers as a group is 4.12%.

Directors and Executive Officers

Directors and Executive Officers:

a. The following are the names of the incumbent Directors of the Bank:

Incumbent	Age	Nationality	Position with the Bank	Date of election
Amb. Alfredo M. Yao	73	Filipino	Chairman Emeritus	Jul 26, 2010
Francis T. Lee	69	Filipino	Chairman	May 26, 2017
Rolando R. Avante	59	Filipino	President & Chief Executive Officer	May 26, 2017
Jeffrey S. Yao	50	Filipino	Director	May 26, 2017
Amador T. Vallejos, Jr.	71	Filipino	Director	May 26, 2017

Honorio O. Reyes- Lao	74	Filipino	Director	May 26, 2017
Paterno H. Dizon	80	Filipino	Independent Director	May 26, 2017
Leticia M. Yao	65	Filipino	Director	May 26, 2017
Benjamin R. Sta. Catalina, Jr.	70	Filipino	Independent Director	May 26, 2017
Roberto A. Atendido	71	Filipino	Director	May 26, 2017
Danilo A. Alcoseba	66	Filipino	Director	May 26, 2017

BUSINESS EXPERIENCE

The following is a brief description of the business experience of each of the Directors of the Bank:

Alfredo M. Yao (Filipino, 73 years old)

Mr. Alfredo M. Yao is the Chairman Emeritus of PBB. He is concurrently the Chairman of Zest-O Corporation, Semexco Marketing Corp., and Asiawide Refreshments Corp. He is the President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. and was a former director of Export and Industry Bank. Mr. Yao has participated in the following seminars: Corporate Governance; AML and Risk Management, all conducted by the Pacific Management Forum and PBB; CISA for the Credit Bureau; SME Related Issues; and other CTB Related seminars. He has also attended several Philippine Chambers of Commerce & Industry (PCCI) Business Fora given by PCCI, the International Trade Organization, and the Department of Trade and Industry.

Francis T. Lee (Filipino, 69 years old)

Mr. Francis T. Lee was appointed Chairman of the Board on July 26, 2010 and was last re-elected as Director on May 26, 2017. Before holding the Chairmanship position, Mr. Lee was first appointed as Chief Operating Officer (COO) last September 1, 2011. He was also President of the AMY Foundation - the social responsibility arm of the Yao Group of Companies, from December 8, 2003 up to December 8, 2013.

An experienced banker for more than 30 years. Mr. Lee started his banking career with Pacific Bank. His career progressed as he held a number of executive positions from Senior Manager rising to Senior Vice President at the Metrobank Group from 1988 to 2000 before joining PBB. Mr. Lee has participated in the following seminars: Philippine Institute of Banking in 1969; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Team Building Workshop in 2004 at PBB; Risk Awareness Seminar in 2009 at the Pacific Management Forum; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2012 and in 2014; and Corporate Governance Seminar for Board of Directors on December 10, 2015.

Mr. Lee studied Bachelor of Arts in Business Administration at Manuel L. Quezon University.

Committee(s): Asset & Liability, Bid, Credit, Executive, Manpower, Compensation & Remuneration, Remedial & Special Assets, and Trust.

Jeffrey S. Yao (Filipino, 50 years old)

Mr. Jeffrey S. Yao was appointed to the Board in 1999. On April 01, 2016, he assumed the position of Vice-Chairman.

He currently holds directorship at Asiawide Refreshments Corporation. Mr. Yao has been the Chief Operating Officer (COO) of the Zest-O Corporation since 2005. Mr. Yao started his career in the food and beverage industry when he was appointed as Plant Manager at Harman Food Philippines from 1990 to 1995. He has attended the following training programs: Basics of Trust at the Trust Institute of the Philippines in 2002; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; and Distinguished Corporate Governance Speaker Series on August 24, 2015.

Mr. Yao graduated from the Ateneo De Manila University with Bachelor of Science in Management Engineering degree.

Committee(s): Audit, Credit, Executive, IT Steering, Manpower, Compensation & Remuneration, Remedial & Special Assets, and Risk Oversight.

Rolando R. Avante (Filipino, 59 years old)

Mr. Rolando R. Avante was appointed President and Chief Executive Officer since 02 November 2011.

Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.

His banking career includes stints as Vice President for Local Currency Desk at City Trust Banking Corp. from 1988 to 1994; Senior Vice President & Treasurer at Urban Bank from 1994 to 1995; First Vice President for Domestic Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (PHILS.) Commercial Bank Corp. from 1999 to 2009; Executive Vice President & Treasurer at Sterling Bank of Asia from 2009 to 2011.

He was elected President and Director at the Money Market Association of the Phil. (MART) in 1999 and elected the same position at ACI Philippines in 2011.

His training includes Money Market at the Inter Forex Corp. in 1983; Treasury Management in Times of Crisis in 1984, Bourse Game in 1987 both conducted by FINEX; Rate Risk Game in 1989, Investment Banking Fundamental in 1990, Managing People in 1991 at the Citibank APBI; Capital Market Instruments in Asia in 1992, Asset & Liability Management in 1995 both conducted by Euro money; Asian Bond Fund II Workshop in 2004 at the Asian Bank; Securitization Law in 2006 at FINEX & SEC; ACI World Congress in 2011 at ACI Phil.; Economic Outlook 2012 in 2012 at the ANZ Private Bank Exclusive; Annual Global Markets Outlook in 2012 at Deutsche Bank; Entrepreneurs Forum in 2012 conducted by Business World; AMLA Seminar in 2012 at the Bangko Sentral ng Pilipinas; CEO Business Forum in 2012 at Punong Bayan & Araullo; Cross-Border RMB Business in 2012 at Bank of China; Eco Forum in 2012 at Security Bank; Phil. Business Conference in 2012 at the Philippine Chamber of Commerce & Industry; Annual Investment Outlook 2013 in 2013 at ANZ Private Bank; Philippine Investment Summit 2013 in 2013 at the Investment Banking Group; IPO Annual Asia Pacific in 2013 at CIMB; Corporate Governance Seminar for Board of Directors on December 10, 2015.

Mr. Avante graduated from the De La Salle University with the degree of Bachelor of Science in Commerce major in Marketing Management and has taken MBA units, also from DLSU.

Committee(s): Anti-Money Laundering, Asset & Liability, Credit, Employee Discipline, Executive, Management, Manpower, Compensation & Remuneration, Remedial & Special Assets, and Trust.

Amador T. Vallejos, Jr. (Filipino, 71 years old)

Mr. Amador T. Vallejos, Jr., was appointed to the Board on 27 April 2012 and last re-elected as Director on 26 May 2017.

Currently the General Manager of AMCHEM, he is also the Chairman of King of Travel and President of SMI Development Company.

He held directorships at the Philippine Association of Food Technology in 1988, Philippine Chamber of Food Manufacturer in 1989; and the Philippine Article Numbering Council in 1992.

He is also a member of the Professional Risk Managers International Association (PRMIA) since 2009.

From 1974 to 1976 he held the Marketing Manager position at Rockgas and transferred to Edward Keller Ltd. as the Department Manager from 1976 to 1984.

His expertise and trainings include BAI Conference and Seminars on Technology in Banking taken in 1998 and 1999 both in BAI, USA; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; Corporate Governance Seminar for Board of Directors in November and in December, 2014; Updated Guidelines on Sound Credit Risk Management on August 07, 2015.

Mr. Vallejos graduated from the Ateneo De Manila University with the degree of Bachelor of Arts in Economics. Committee(s): Audit, Corporate Governance, IT Steering, Manpower, Compensation, Remuneration, Related Party Transaction, and Risk Oversight.

Honorio O. Reyes- Lao (Filipino, 74 years old)

Mr. Honorio O. Reyes-Lao, was appointed to the Board on 29 April 2011 and last re-elected as Director on 26 May 2017.

A seasoned banker, he has more than 40 years of experience in corporate and investment banking, branch banking, and credit management. Mr. Reyes-Lao started his banking career at China Banking Corporation in 1973 to 2004. He served as Senior Management Consultant from 2005 to 2006 at East West Banking Corporation.

His expertise was sought by Antel Group of Companies, as Consultant, in 2007 to 2009 and was appointed President at Gold Venture Lease and Management Services, Inc. from 2008 to 2009.

Currently, he is an independent and non-executive director at the DMCI Holding Corporation and a Member of the Society of Institute of Corporate Directors (ICD) Fellows since 2004.

His background and trainings include Overall Banking Operations at the Philippine Institute of Banking in 1971 to 1972; Director Certification Program at the Institute of Corporate Directors (ICD) in 2004; and the AMLA Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.

Mr. Lao holds a post-graduate degree, Masters in Business Management, from the Asian Institute of Management and he graduated with a double degree in Bachelor of Science in Business Administration major in Economics and Bachelor of Science in Commerce major in Accountancy from the De La Salle University.

Committee(s): Related Party Transaction, Risk Oversight & Trust.

Danilo A. Alcoseba (Filipino, 66 years old)

Mr. Danilo A. Alcoseba was the former President & CEO of PBB and was appointed to the Board on 26 May 2017. Mr. Alcoseba obtained his college degree, Bachelor of Science in Commerce, Major in Accounting, at the University of San Carlos. He also has a post-graduate in Industrial Economics at the University of the Philippines in 1976. His work experience include: Branch Head at Bancom Development Bank, Cebu Branch from 1977-1979, Assistant Vice-President of Traders Royal Bank from 1979-1983, First Vice-President/Treasury Division of Boston Bank of the Philippines from 1983-1998 and Consultant at SM Investments Corporation from 2005-2007. He also had various trainings and seminars in banking related fields such as financial derivatives, fixed income trading, foreign exchange, investment banking, corporate governance, risk management and international trade.

Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.

Roberto A. Atendido (Filipino, 71 years old)

Mr. Roberto A. Atendido, was appointed to the Board on 26 May 2006 and last re-elected as Director on 26 May 2017.

He is a seasoned investment banker and a recognized expert in the field with over 30 years of investment banking and consulting experience in the Philippines and in the ASEAN region.

Mr. Atendido started his career in consulting with the management services group of Sycip, Gorres & Velayo, the largest accounting and consulting group in the Philippines. He began his investment banking career in Bancom Development Corporation, the leading investment house in the Philippines during the late 60's and 70's. He was later posted as Vice President of Bancom International Ltd in HK from 1980-1982. He then moved to PCI Capital Asia, Ltd. (HK) as Vice President from 1982-1983. The PCI Group posted him in Indonesia as Managing Director of PT Duta Perkasa Chandra Inti Leasing, a joint venture between the PCI Group of the Philippines and Bank Duta

and Gunung Agung Group of Indonesia, from 1983-1988. Mr. Atendido moved back to the Philippines in 1988 as President of Asian Oceanic Investment House, Inc., a fully owned subsidiary of the Asian Oceanic Group of HK. The company was later bought by the Insular Life Group and renamed Insular Investment & Trust Corporation. In 1996, Mr. Atendido together with several investors organized Asian Alliance Holdings & Development Corporation (AAHDC) and later established Asian Alliance Investment Corp. (AAIC) as a wholly owned investment banking subsidiary. He is currently President of AAHDC and Executive Vice Chairman of AAIC.

Currently, Mr. Atendido is a member of the Board of Directors of Paxys Inc., Philippine Business Bank, PICOP Resources, Inc., Pharmarex, Inc. Ardent Property Development Corp., First Ardent Property Corp., and GEM Communications & Holding Corp. He is also Vice Chairman and Director of Sinag Energy Philippines, Inc., (since 2008), Chairman and President of Myka Advisory and Consulting Services, Inc. (since 2010).

He has also held directorships in the past in the Philippine Stock Exchange (2005-2009), Securities Clearing Corporation (2006-2010), Export & Import Bank as an Independent Director (2006-2012), Marcventures Holdings, Inc. (2010-2013), Carac-An Development Corp. as Chairman from 2010-2013, Beneficial Life Insurance Corp. from 2008-2014.

He has attended trainings in Corporate Governance & Risk Management for the Bank's Board of Directors at the Development Finance Institute in 2003; Risk Management and Basel 2 Seminar at the Export & Industry Bank in 2007. In 2014, he attended the Anti-Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series on August 24, 2015, 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015 and 2015 Distinguished Corporate Governance Speaker Series 3 on November 06, 2015.

Mr. Atendido is a graduate of the Asian Institute of Management with a Master's Degree in Business Management in 1973. He completed his Bachelor of Science in Management Engineering from the Ateneo de Manila University.

Apart from his business activities, Mr. Atendido is also active in the Brotherhood of Christian Businessmen and Professionals, a nation-wide Christian community where he served as Chairman from 2009-2011.

Committee(s): Audit, Related Party Transaction, Risk Oversight and Corporate Governance.

Leticia M. Yao (Filipino, 65 years old)

Leticia M. Yao was appointed to the Board on 29 April 2011 and last re-elected as Director on 26 May 2017.

A well-respected figure in the healthcare industry, Yao was appointed at the United Doctors Medical Center (UDMC) as a Consultant at the Department of Medicine from 1991 to 2012.

She participated in training sessions for Corporate Governance & Risk Management for Banks' Board of Directors at the Development Finance Institute in 2002 and further taken the Risk Awareness Seminar at the Pacific Management Forum in 2009. Earlier this year, she attended the AMLA Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series on August 24, 2015 and Corporate Governance Seminar for Board of Directors on December 10, 2015 to hone her skills as Director of PBB.

Yao graduated from the University of Sto. Tomas with a Bachelor of Science degree in Medical Technology then pursued her post graduate degree in Medicine also from the University of Sto. Tomas.

Committee(s): Trust.

Paterno H. Dizon (Filipino, 80 years old)

Mr. Paterno H. Dizon, was appointed Independent Director to the Board on 27 April 2012 and last re-elected as Independent Director on 26 May 2017.

He had previously served as President to the following institutions: Science Park of the Phil. Inc., Cebu Light Industrial Park, Inc., and RFM Science Park of the Philippines from 1997 to 2003.

Mr. Dizon held directorships at Hermosa Ecozone Development Corp. from 1997 to 2003; Export & Industry Bank from 1994 to 2006; and EIB Securities from 2004 to 2006.

He served on the board of Phil. Export-Import Credit Agency from 2010 to 2012. He was elected as Chairman of the Phil. Exporters' Confederation Inc. since 1990 up to the present. He has been the President and CEO of Holy Cross College of Pampanga since 2012.

He has attended training sessions in Financial Management at SGV in 1974, Money and Banking from the Ateneo De Manila University in 1959, Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, Risk Awareness Seminar at the Pacific Management Forum in 2009, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.

Mr. Dizon holds a Bachelor of Science in Economics from the Ateneo De Manila University and a Master in Business Administration from the University of the Philippines.

Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.

Benjamin R. Sta. Catalina, Jr. (Filipino, 70 years old)

Mr. Benjamin R. Sta. Catalina, Jr., was appointed Independent Director to the Board on July 2012 and last re-elected as Independent Director on 26 May 2017. He first assumed his independent directorship at PBB in 2003 to 2005.

During his early professional years, Mr. Sta. Catalina was the Senior Vice President of the Asset Based Finance Group of FNCB Finance Co. from 1980 to 1981. He later joined Citibank N.A. from 1981 to 1995 where he has served as Asst. Vice President & Division Head for the Public Sector Division, then became the Vice President and Asst. Director of the Asia Pacific Training Center. He later handled the Middle East Africa Division Training Center as Vice President and Associate Director, and then handled the World Corporation Group for Middle East Africa, Division Training Center as Regional Administrator. He was appointed to General Manager and handled the Center for International Banking Studies. In 1993 to 1994, Mr. Sta. Catalina was appointed Vice President and Chief of Staff of the Global Finance Marketing, then rose to Group Head where he handled the Pan Asian Corporate Team in 1994 to 1995.

In the academic sphere, he was the Executive Director of the Center for Banking and Financial Management of the Asian Institute of Management in 1996.

In addition to holding a number of executive positions, he attended training seminars such as the Makati CAD in 1974, Philippine Core Credit in 1976, Intermediate Credit Seminar in 1977, Exceptional Sales Performance in 1978, Bourse Game in 1979, Asset Based Finance Seminar in 1980, Electronic Banking Seminar in 1981, Selling Skills Train the Trainer Program in 1982, Advanced Lending Strategy in 1982, Technology for Senior Management in 1983 from the Asia Pacific Training Center. He attended Multinational Business Course in 1980 at Citibank New York, Face to Face Selling Skills in 1986 at the Boston Consulting Group. In 1987 he has attended the MAC Approach Course and Alcar Valuation Seminar at MEAD Training Center in Greece. He attended the Corporate Finance II in 1988 at the Asia Pacific Banking Institute. At MEAD Training Center in London, he attended the Risk Management Seminar and the Risk Management III - Corporate Finance in 1991. From 1993 to 1995, Mr. Sta. Catalina attended the Strengthening Organizational Capabilities, Service Quality Management, Technology Solutions for the Business, Marketing Derivatives Ideas, Standards Workshop, Marketing Financing Ideas to Issuers at Citibank Training Center.

Most recent, he attended the Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2003, and the Anti Money Laundering Act Seminar in 2014, Distinguished Corporate Governance Speaker Series on August 24, 2015 and 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015.

Mr. Sta. Catalina is a graduate of the Asian Institute of Management with a post graduate degree of Masters in Business Management. He finished his Bachelor of Science in Management Engineering from the Ateneo De Manila University.

Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.

Executive Officers:

The following are the Executive Officers of the Bank, and their respective age, citizenship and position as of March 16, 2018:

Rolando R. Avante (Filipino, 59 years old)

Mr. Rolando R. Avante was appointed President and Chief Executive Officer since 02 November 2011.

Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.

His banking career includes stints as Vice President for Local Currency Desk at City Trust Banking Corp. from 1988 to 1994; Senior Vice President & Treasurer at Urban Bank from 1994 to 1995; First Vice President for Domestic Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (PHILS.) Commercial Bank Corp. from 1999 to 2009; Executive Vice President & Treasurer at Sterling Bank of Asia from 2009 to 2011.

He was elected President and Director at the Money Market Association of the Phil. (MART) in 1999 and elected the same position at ACI Philippines in 2011.

His training includes Money Market at the Inter Forex Corp. in 1983; Treasury Management in Times of Crisis in 1984, Bourse Game in 1987 both conducted by FINEX; Rate Risk Game in 1989, Investment Banking Fundamental in 1990, Managing People in 1991 at the Citibank APBI; Capital Market Instruments in Asia in 1992, Asset & Liability Management in 1995 both conducted by Euro money; Asian Bond Fund II Workshop in 2004 at the Asian Bank; Securitization Law in 2006 at FINEX & SEC; ACI World Congress in 2011 at ACI Phil.; Economic Outlook 2012 in 2012 at the ANZ Private Bank Exclusive; Annual Global Markets Outlook in 2012 at Deutsche Bank; Entrepreneurs Forum in 2012 conducted by Business World; AMLA Seminar in 2012 at the Bangko Sentral ng Pilipinas; CEO Business Forum in 2012 at Punong Bayan & Araullo; Cross-Border RMB Business in 2012 at Bank of China; Eco Forum in 2012 at Security Bank; Phil. Business Conference in 2012 at the Philippine Chamber of Commerce & Industry; Annual Investment Outlook 2013 in 2013 at ANZ Private Bank; Philippine Investment Summit 2013 in 2013 at the Investment Banking Group; IPO Annual Asia Pacific in 2013 at CIMB; Corporate Governance Seminar for Board of Directors on December 10, 2015.

Mr. Avante graduated from the De La Salle University with the degree of Bachelor of Science in Commerce major in Marketing Management and has taken MBA units, also from DLSU.

Committee(s): Anti-Money Laundering, Asset & Liability, Credit, Employee Discipline, Executive, Management, Manpower, Compensation & Remuneration, Remedial & Special Assets, and Trust.

Peter N. Yap (Filipino, 70 years old)

Mr. Peter N. Yap, 70, was appointed Chief Marketing Officer (CMO) on January 2018. He was the former Chief Operating Officer of PBB from April 2017 to December 2017 and Vice Chairman from 2 August 2010 to 31 March 2016 prior to his retirement.

In the span of his 40-year successful banking career, he held various positions from Manager in RCBC in 1977, Senior Manager to Executive Vice President and Head of Retail Banking Group of Allied Banking Corp. from 1978 to 2009.

He also held directorships in Allied Savings Bank from 2009 to 2010; Allied Leasing and Finance Corp. from 2009 to 2010; and Bancnet, Inc. from 2003 to 2009 where he was also elected as the Treasurer. Mr. Yap was also elected director in Insular Savers Bank from October 2015 to March 2016.

He has attended training sessions such as the Officer Development Program in 1977 at RCBC; Management Development Workshop in 1978, Negotiable Instrument Seminar in 1979, International Workshop in 1979, Bank Selling Skills Program in 1980, Break-Even Analysis Workshop in 1982 all conducted by Allied Bank; AHI Developing Executive Skills in 1981 at the ASEAN Banking Council; Management Development Program - Kaizen in 1982 at SEC Form 17-IS
December 2003

Ancella, Inc.; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; Corporate Governance Seminar for Board of Directors in November and in December, 2014; Distinguished Corporate Governance Speaker Series and the ASEAN Corporate Governance Conference and Awards in 2015 conducted by the Institute of Corporate Directors.

Mr. Yap graduated from the University of San Carlos with the degree of Bachelor of Science in Chemical Engineering and has taken MBA units from the University of the Philippines - Visayas.

Committee(s): Anti-Money Laundering and Management.

Atty. Roberto S. Santos (Filipino, 68 years old)

Atty. Roberto S. Santos is the Corporate Secretary and holds the position of Vice-President and Head of the Legal Services Group. In his 37-year experience in banking and finance, he was a Manager at Traders Royal Bank since 1980, held various executive positions with Security Bank from 1982 to 1999, General Manager of Security Finance Company from 1997-2001, and was the Head of the Legal Department of Metrobank Card Corporation from 2002 to 2004. Atty. Santos later joined PBB as Assistant Vice-President in 2008.

Committee(s): Anti-Money Laundering, Employee Discipline, Management, and Remedial & Special Assets.

Joseph Edwin S. Cabalde (Filipino, 48 years old)

Mr. Joseph Edwin S. Cabalde is the Treasurer and holds the position of Senior Vice-President and Head of the Treasury Services Group. His work experiences include: Accounting Assistant and Assistant Secretary Head of China Banking Corporation from 1991 to 1993; Treasury Officer of Urban Bank Inc. from 1993 to 1995; Manager and Chief Dealer of Bangkok Bank Manila, and of Bank of Tokyo Mitsubishi from 1995 to 2004; Treasury Head of Oilink International from 2004 to 2007 and Assistant Vice-President and Treasurer of EEI Corporation from 2007 to 2008. Mr. Cabalde attended the Corporate Good Governance and AML Seminars sponsored by PBB.

Committee(s): Asset & Liability, IT Steering, and Management.

Teresita S. Sion (Filipino, 65 years old)

Ms. Teresita S. Sion is the Assistant Vice President and Trust Officer of PBB. Her banking experiences include: Per Pro of the Trust Services Group at Philippine Commercial International Bank from 1976 to 1991; Officer-in-Charge of the Trust Banking Group of Metropolitan Bank and Trust Company from 1991 to 1995 and later became the Senior Manager of the Trust and Investment Department of All Asia Capital which she held until September of 1998; Vice President and Head of the Trust Banking Group of Export and Industry Bank, Inc from October 1998 to November 2006; Consultant on Financial Matters of MRC Allied, Inc from August 2008 to May 2009; and was also the Consultant for Trust Banking Sector of Asiatrust Development Bank from May 2009 to July 2009. She was later appointed as Vice President and Trust Officer of the same bank until February 2012.

She joined PBB in February 2012 as Marketing and Business Development Officer and became the Assistant Vice President and Trust Officer on November of the same year.

Committee(s): Management and Trust.

Felipe V. Friginal (Filipino, 63 years old)

Mr. Felipe V. Friginal is the First Vice-President and Group Head of the Branch Operating and Control Group. He held various positions at United Coconut Planters Bank such as Cashier from 1984 to 1986; Branch Accountant of Northern Luzon Branches from 1986 to 1989; Assistant Manager - Cashier from 1989 to 1991; Senior Assistant Manager - Cashier from 1991 to 1992; Senior Manager from 1992 to 1998; Assistant Vice-President - SMC Branch Head from 1998 to 1999; and Assistant Vice-President GMA 6 Area Head from 1999 to 2003.

Committee(s): Anti-Money Laundering, Asset & Liability, Bid, Credit, Employee Discipline, IT Steering, and Management.

Rosendo G. Sia (Filipino, 62 years old)

Mr. Rosendo 'Rudy' Sia joined Philippine Business Bank in July 2016. He is the Senior Vice President/Group Head of the Business Development Group for Visayas and Mindanao. His task is to generate business from new clients as well as development and deepen further banking relationship with existing bank clients.

In 1977, he began his career as an Assistant Chief Accountant of Rizal Securities Corp., then on the same year he joined Guzman, Bocaling & Co., CPAs, an Auditing Firm as an Auditor and became a Senior Auditor before moving to the Central Bank of the Philippines, now BSP, as a Non-Bank and Bank Examiner from 1981 to 1988. He joined Land Bank of the Philippines as a Branch Manager from 1988 to 1993 where he was assigned in the Provincial branches of Tuguegarao City, Cebu and Dumaguete City, among others. He joined Metrobank in 1993 up to 2012 as Branch Head in Metro Manila area where he rose from the ranks from Senior Manager to Senior Vice President and held various key positions and committee memberships. Before joining PBB he was connected with Asia United Bank from 2012 to 2016 as Senior Vice President / Branch Banking Head for Visayas and Mindanao in concurrent capacity as Branch Lending Group Head.

Mr. Sia is a graduate of the University of the East and is a Certified Public Accountant and Masters in Business Administration from De La Salle Graduate School and Asian Institute of Management.

Committee(s): Management.

Reynaldo T. Boringot (Filipino, 60 years old)

Mr. Reynaldo T. Boringot joined Philippine Business Bank in July 2016. He is appointed as the Head of Luzon and NCR Area of Business Development Group with the rank of Senior Vice President. One of his major responsibilities is to bring in new clients for the bank through a variety of sales techniques. Also, he provides additional products/services to already existing clients.

He has 37 solid years of experience as a Banker. He began his career as a rank and file in Pacific Bank from 1980 to 1985. He transferred to Metropolitan Bank & Trust Company from 1986 to 2003 as one of the youngest Branch Heads at the age of 30. Moreover, he was able to open a new branch in Tugatog, Malabon. He was later then transferred to Edsa - Caloocan as one of the youngest Center Heads. Finally, he transferred to Asia United Bank, his last employer prior to PBB where he started as Assistant Vice President in 2003 and became a Vice President concurrent as Area Head in Quezon City and the whole of Luzon until 2016.

Mr. Boringot graduated from the University of the East in 1980 with a degree in Bachelor of Science in Commerce major in Management. He took his MBA units from the Philippine School of Business Administration in 1982 to 1983.

Committee(s): Management.

Eduardo R. Que (Filipino, 56 years old)

Mr. Eduardo "Poy" Que, First Vice President and Group Head of Corporate Banking, joined PBB in 2012 after 31 years with Allied Banking Corporation. He top-notched his officer training class and was appointed official trainer / lecturer in the Officer Development Program of Allied Bank for subjects International Banking Operations (Foreign/Domestic Trade); Credit Management; Business Development; Account Management; and Loans and Corporate/Merchant Banking. He is the most senior account officer for Corporate Banking Division where he spent about 20 years. He graduated college at De La Salle University, Bachelor of Science in Commerce, Major in Management of Financial Institutions and was a Dean's Lister. Mr. Que pursued his Masters Degree at Ateneo de Manila, Rockwell - Masters in Business Administration (MBA), full course Dean's Lister, batch top-notcher and Gold Medal Awardee in academics.

Committee(s): Asset & Liability and Management.

Rodel P. Geneblazo (Filipino, 47 years old)

Mr. Rodel P. Geneblazo is the First Vice President and Consumer Banking Group Head of Philippine Business Bank. He held this position effective January 2018.

A seasoned banker, he has more than 20 years of experience in consumer finance and credit management services. He started his banking career at PCIBank from 1996 to 2000 as Management Development Program Trainee and rose to Head of the Consumer Finance Unit in General Santos City. He joined Chinatrust Bank from 2000 to 2008 and held the positions of Head of Mortgage Loans, Head of Product Development, and Head of Credit Policy & MIS. He went to East West Bank in 2008 to 2010 as Head of Credit Services.

In 2010, Mr. Geneblazo joined Sterling Bank of Asia as Head of Credit Services up to 2012. He then became the Managing Director of Knowledge Transfer Financial Consulting Services where he provided trainings, seminars, and consultancy works in the area of consumer and microfinance loans, credit cycle management, Collections, MIS & Analytics, product development and management, both for the private and public institutions such as Maybridge Asia and Finance, the Department of Agrarian Reform, DES financing, FICO Bank, Philippine Veterans Bank, among others, from 2012 to 2014. He went back to the banking industry in 2014 and joined Philippine Veterans Bank as Head of MIS & Analytics, and later, as its Risk Officer.

He joined Philippine Business Bank in 2015 initially as a Consultant and later became the Head of PBB's Acquired Banks. He was appointed as President of Insular Bank, a rural bank that was acquired by PBB in the same year until December 2017. He moved back to PBB in the beginning of 2018 and became its Consumer Banking Group Head up to the present.

Mr. Geneblazo is a graduate of the Polytechnic University of the Philippines with a degree in Bachelor of Science in Mechanical Engineering in 1992 where he was also a scholar of the Hasegawa Universal Lab Corporation. He took his Masters in Business Administration degree in 1996 from the University of the Philippines and was a National Economic and Development Authority (NEDA) scholar.

Committee(s): Asset & Liability and Management.

Jacqueline A. Korionoff (Filipino, 40 years old)

Ms. Jacqueline Korionoff is the Assistant Vice President and Center Head of the Commercial Banking I at Philippine Business Bank, a position she has held since April 2016. She worked with the banking industry since 2000.

She first started as an executive secretary at the New City Toys Manufacturing from 1999 to 2000, then joined the banking industry as Document Analyst at the Jade Progressive Savings and Mortgage Bank in 2000. She started as a Marketing Assistant in PBB under the Account Management Group 1 from 2001 to 2002, then was promoted to Account Officer from 2002 to 2004. Under the same group, she became an Assistant Manager from 2004 to 2005, then Senior Assistant Manager from 2005 to 2006. In 2006, she was promoted to Manager and later promoted as Senior Manager in 2008.

Ms. Jacq has participated in various banking seminars, particularly on credit and Corporate Governance. She is a graduate of the University of Santo Tomas with a degree in Bachelor of Arts major in Economics in 1999. She took her Masters in Business Administration in 2004, also from UST where she graduated Cum Laude. She took up a one-year course on Trust Operations and Investment Management from the Trust Institute Foundation of the Philippines of the Asian Institute of Management (AIM) where she passed the course with distinction.

Committee(s): Asset & Liability and Management.

Iris P. Almerino (Filipino, 38 years old)

Ms. Iris Almerino is the Assistant Vice President and Center Head of the Commercial Banking II at Philippine Business Bank, a position she has held since April 2016. She worked with private companies under the accounting department from 2001 to 2006.

She started as a Marketing Assistant in PBB in 2007 to 2009 and was promoted to Manager and Account Officer from 2009 to 2015 under Account Management Group 1. On that same year, Iris was promoted to Senior Manager and Market Head under the Branch Lending Unit 1 where she handled the Binondo and Caloocan accounts.

Ms. Almerino has participated in various banking seminars, particularly on credit and AMLA. She is a graduate and an academic scholar of the New Era University with a degree in Business Administration major in Management, and is consistent in the dean's list program. She took her Masters in Business Administration degree from Rizal Technological University.

Committee(s): Asset & Liability and Management.

Efren P. Mercado (Filipino, 68 years old)

Mr. Efren P. Mercado is the Vice President and Head of the PBB's Commercial Banking Group - Centers 3&4. He started as Paymaster at Del Mar Carriers from 1968 to 1970. His banking career started at Philippine Banking Corporation from 1970 to 1988 with a variety of positions from Rank and File to Managerial. He also joined China Banking Corporation in 1992 to 2005 and had held several Managerial and Executive positions including Branch Manager, Area Head and Senior Assistant Vice President. He joined PBB in March 2011.

Committee(s): Asset & Liability and Management.

Clarissa S. Rivera (Filipino, 48 years old)

Ms. Clarissa S. Rivera is Vice President and Head of Commercial Banking Group Center VIII of PBB. She graduated with the degree of BSBA Accounting from Miriam College and is a Certified Public Accountant. Ms. Rivera also holds the degree of Doctor of Business Administration from Colegio de San Juan de Letran. She was previously connected with Planters Development Bank as Manager and Head of Credit and Customer Service from 2004 to 2008; Assistant Manager/Account Officer of International Exchange Bank from 2002 to 2004; Manager/Account Officer of Asiatrust Bank from 2001 to 2002; and occupied various positions with Shopping Center Management Corporation, CIPI Leasing & Finance Corporation, and Philippine National Bank. She joined PBB in June 2008.

Committee(s): Asset & Liability and Management.

Roselle M. Baltazar (Filipino, 43 years old)

Ms. Roselle M. Baltazar is the First Vice-President and Assistant Comptroller at the same time, Head of Central Operations Group of PBB. In 1999, she joined PBB and held various managerial and executive positions including: VP-COG Head - January 2011- June 2012, On June, 2012, appointed as Assistant Controller; Assistant Vice President & COG Head - March 2005-December 2010; Senior Manager and Head of Central Operations Group from 2004 to 2005; Senior Manager and Head of Branch Operations Control Center (BOCC) from 2001 to 2004; Senior Manager and Head of General Services Center (GSC) from 2001 to 2003; Manager and Head of Systems and Methods Sector (SMS) from 2000 to 2001; and Assistant Manager and Senior Systems Analysts from 1999 to 2000. She started her banking career at Westmont Bank (now United Overseas Bank) as: Accountant from 1996 to 1999, Audit Examiner II from 1995 to 1996, Loan Assistant from August 1995 to October 1995, and CASA Bookkeeper from June 1995 to August 1995. She is a Certified Public Accountant and a Civil Service (Professional and Sub-Professional) eligible.

Committee(s): Anti-Money Laundering, IT Steering, and Management.

Laurence R. Rapanut (Filipino, 55 years old)

Ms. Laurence R. Rapanut is the Assistant Vice President and Internal Auditor of PBB. Her work experiences include: Junior Examiner of Far East Bank and Trust Company from June 1985 to January 1988; Junior Examiner to Branch Controller of First Philippine International Bank from September 1988 to January 1995; Branch Accountant to Senior Assistant Manager of Westmont Bank from April 1996 to December 2000; and Senior Assistant Manager to Manager of United Overseas Bank from January 2001 to January 2006. She joined PBB in March 2006 as Supervising Examiner of Internal Audit Center.

Committee(s): Bid, Employee Discipline, and Management.

Miami V. Torres (Filipino, 56 years old)

Ms. Miami V. Torres is the Vice-President and Head of the Credit Management Group. She is a graduate of AB Behavioral Science and BSC Accounting from the University of Santo Tomas. Ms. Torres is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She has with her 29 years of banking experience which started in 1984 as a junior bookkeeper in UCPB, handling SA, CA, CTD, Proofsheets, GL and remittances. She had 2 years experience as a Senior Analyst in the same Bank before she became an officer. As an officer, Ms. Torres was assigned as Branch Operations Officer and Branch Marketing Officer. Her last stint with UCPB was as Branch Head for Pasay Rotonda Branch. From 2002 to present, she held various managerial and executive positions with PBB: Branch Head of Antipolo Branch in 2002; Section Head of Remedial & Special Assets Management Group (RSAM) in 2003; Head of Credit Services Group from 2006 to 2008; Head of RSAM from 2008 to 2010; and Head of Credit Services Group from 2010 up to present.

Committee(s): Credit and Management.

John David D. Sison (Filipino, 33 years old)

Mr. Dave Sison joined Philippine Business Bank in July 2014. He leads the Bank's Corporate Planning Group, which plays a key role in the bank's strategic management, investor relations functions, and M&A initiatives. He is also part of the MIS unit that leads the profit planning performance analysis of the Bank which assists senior management in the process of decision-making and tracks performance of the Bank's business units.

Prior to PBB, he was a private equity analyst with KGL Investment Company Asia since 2008. Before joining KGL, Dave was an investment banking associate with PNB Capital & Investment Corporation, a boutique investment bank offering financial advisory, debt syndications, and corporate finance services. He began his career in finance as an investor relations analyst with ABS-CBN Corporation.

He graduated in 2006 with a Bachelor of Science degree in Management Engineering (an Honors Program) from the Ateneo de Manila University where he received training in traditional management disciplines (marketing, finance, operations management, organizational behavior, and strategic management), economics, and the social sciences in combination with skills development in qualitative and quantitative analysis, mathematics, statistics, and operations research. Mr. Sison completed the Value Investing Program at Columbia Business School in New York City.

Committee(s): Asset & Liability and Management.

Belinda C. Rodriguez (Filipino, 56 years old)

Ms. Belinda C. Rodriguez joined Philippine Business Bank on January 2016 as Chief Risk Officer (CRO) and Head of Enterprise Risk Management Group. As CRO, she is responsible for the supervision of the implementation of the risk management framework as part of corporate governance whereby risk management policies and best practices are instituted.

Ms. Rodriguez is a seasoned bank executive with 33 years of experience in the financial services industry and a strong background in enterprise risk management honed from job exposure from her employment both on the regulator (BSP) as examiner and regulated private and government banks. Most recently, she served as First Vice President for Asia United Bank, where she held various positions for eighteen years that included the CRO, Chief Compliance Officer (CCO), and head of the branch banking operations support and treasury operations.

She was Executive Vice President for Operations and Controllershship of Town Savings Bank. She was head of Treasury Operations of foreign-owned Dao Heng Bank. After BSP, she joined the Management Training Program of Land Bank of the Philippines and then later became head of the Treasury Operations and Product Development. During her career, she has managed a number of activities involving operations and control functions. Other areas of expertise include audit, compliance, remittance, and resource optimization through improved controls, re-engineering and process realignment.

Ms. Rodriguez has participated in and continues to join various banking industry forums on risk management, regulatory compliance, AMLA, and credit risk. She was a resource speaker on the topic of Risk Management of the RBAP Institute for almost ten years. She is a graduate of state university, Polytechnic University of the Philippines with a degree in Commerce major in Accounting and is a Certified Public Accountant (CPA). Ms. Rodriguez has completed her MBA Degree from the Ateneo Graduate School of Business (AGSB).

Committee(s): Asset & Liability and Management.

Consuelo V. Dantes (Filipino, 55 years old)

Ms. Consuelo V. Dantes was appointed as the Human Resources Group Head with the rank of Senior Vice-President effective March 2017. She brings with her 33 years of expertise in the field of Human Resources Management, Corporate Support Services Group, and Business Unit Management. She was recently employed with EastWest Bank (EWB) as Human Resources Group Head from May 16, 2013 to July 31, 2016. Apart from being the Head of HRG, she was also the Chief of Staff from May 16, 2012 to May 15, 2013 under the Office of the President where she worked with 12 units - Credit, Human Resources, Collection and Asset Recovery, Legal Services, Customer Service, Consumer Lending, Corporate Banking, and Administrative Services.

Prior to her stint with EWB, she was with Planters Bank (now China Bank Savings) for 22 years from June 18, 1990 to March 31, 2012 where she held various lead positions in Human Resources, Corporate Communications, Corporate Planning, and Collection and Asset Recovery. She was an international consultant for Human Resource Management under ShoreCap Exchange, the training arm of ShoreCap International, and worked as consultant with Cambodia Entrepreneur Building Co., Ltd. in Cambodia. She was also a speaker/facilitator in seminar-workshops conducted by ShoreCap Exchange in Chennai, India, and Luxembourg. Also, during her stint with PlantersBank (now ChinaBank Savings) she was at one point appointed as the President and Chief Operating Officer of PDB-FMO Development Center (PDCenter).

In addition, Ms. Dantes' other banking experience also include stints with the following banks: Boston Bank of the Philippines (now Bank of Commerce - Branch Marketing and Development Group / Manager); Asiatrust Bank - Manager of Market Planning Group; and Security Bank Corporation - Branch Manager of Buendia Branch.

A Cum Laude graduate from University of the Philippine - Diliman with a degree in Bachelor of Arts in Economics, she took her MBA units with De La Salle University. Ms. Dantes is a Professional Executive Coach certified in the US-based International Coach Federation (ICF) way, by Benchmark Consulting.

Committee(s): Employee Discipline and Management.

Jose Maria P. Valdes (Filipino, 61 years old)

Mr. Jose Maria P. Valdes was appointed Information Technology Group Head on July 2017 with the rank of First Vice President.

A prominent figure in the field of IT, Mr. Valdes started his career with Carlos J. Valdes & Co. CPAs as a Senior Consultant from 1979 to 1988; CityTrust Banking Corp. as IT Manager from 1988 to 1992; and he became the IT Director for Dart Philippines from 1992 to 1997.

He came back to the banking industry as Chief Information Officer at ChinaTrust Bank from 1997 to 2002; and CIO again at Export and Industry Bank from 2002 to 2007. Prior to joining PBB, he was IT Director at Encash, Inc. from 2007 to 2017.

He attended the Anti Money Laundering Act Seminar in 2003 and 2017; and Corporate Governance Seminar in 2004.

Mr. Valdes graduated from the De La Salle University with a double degree in Bachelor of Science in Commerce major in Management of Financial Institutions and Bachelor of Arts in Behavioral Sciences.

Committee(s): IT Steering and Management.

Election of Members of the Board

There will be election of the members of the Board during the annual stockholders' meeting. The Stockholders of PBB may nominate individuals to be members of the Board of Directors.

All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors and shall contain the nominees age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The Directors and Independent Directors shall be elected from among the Bank's Stockholders. All nominees for Directors and Independent Directors must possess the minimum requirements/qualifications and none of the disqualifications prescribed by Article III of the By-Laws, Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and other regulatory agencies/offices of listed banks, which include Sec. 23 and 27 of The Corporation Code (BP Blg. 68). Sec. 15 of The General Banking Law (RA No. 8791), Sec. 38 of The Securities Regulation Code, Sec. 38 of the Revised Implementing Rules and Regulations (RIRR) of the Securities Regulation Code. Sec. X141 of the Manual of Regulations for Banks, and other relevant circulars or memoranda.

After the nomination, the Nomination Committee shall prepare a Final List of Candidates, which shall contain all the information about all the nominees for Independent Directors as required under existing rules and regulations. The list shall be made available to the Securities and Exchange Commission and to all the stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the Independent Directors shall be identified in such report including any relationship with the nominee.

The Nomination Committee consists of Paterno H. Dizon, Chairman, Amador T. Vallejos, Jr., Member, Benjamin R. Sta. Catalina, Jr., Member, Roberto A. Atendido, Member and Danilo A. Alcoseba, Member.

The nomination Committee created under PBB's Revised Manual on Corporate Governance endorsed the nominees for independent directors for re-election at the upcoming annual stockholders' meeting, in accordance with the qualification set forth in the Manual, as follows:

1. He is a holder of at least one (1) share of stock of PBB;
2. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
3. He shall be at least twenty-one (21) years old;
4. He shall have proven to possess integrity and probity;
5. He should possess all the qualification required under pertinent regulation of the Bangko Sentral ng Pilipinas; and
6. He is not hostile to or antagonistic to, or engaged in any business, which competes with or is antagonistic to that of the Bank or any of its affiliates and subsidiaries.

Independent Directors

The Nomination committee has determined that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Revised Manual on Corporate Governance.

Recommended Directors For 2018-2019

The Nomination Committee of the Board of Directors of PBB has determined that the following, all of whom are incumbent directors, possess all the qualifications and none of the disqualifications for directorship set out in PBB's Manual on Corporate Governance, duly adopted by the Board pursuant to SRC Rule 38.1. Below is the final list of candidates prepared by the Nomination Committee:

Francis T. Lee
Jeffrey S. Yao
Rolando R. Avante
Honorio O. Reyes-Lao

Roberto A. Atendido

Leticia M. Yao

Danilo A. Alcoseba

Paterno H. Dizon (Independent Director) - Nominated by Francis T. Lee. Not related to the nominee.

Benjamin R. Sta. Catalina, Jr. (Independent Director) - Nominated by Francis T. Lee. Not related to the nominee.

Narciso De Leon Eraña (Independent Director) - Nominated by Francis T. Lee. Not related to the nominee.

Roberto C. Uyquiengco (Independent Director) - Nominated by Danilo A. Alcoseba. Not related to the nominee.

A certification on the qualifications of the Independent Directors and that none of the above-named directors and officers work with the government is attached herewith as Annexes "A", "A-1", "A-2", "A-3" and "B".

Dir. Amador T. Vallejos, Jr. will not seek re-election for the Board. He has no disagreements with the Bank or any of its directors or shareholders.

Mr. Eraña is among the well-known financial experts in the industry. He spent over 30 years in the banking and brokerage industry, among of which are the Bank of America, ICAP Philippines, RCBC, RCBC Savings Bank and BA Savings Bank, as well as being a director of the Money Market Association of the Philippines.

Mr. Uyquiengco is an experienced banker having been with Chinabank Corp. for more than 26 years, his last stint was as FVP and Region Head of North Luzon. Currently he is the Chairman and CEO of Green Leaf Foreign Exchange Corp. and also as Financial Advisor of Manulife.

Mr. Roberto C. Uyquiengco, will assume the position of Independent Director upon approval of the Securities and Exchange Commission of the amendment of the Bank's Articles of Incorporation (AOI) increasing the number of directors from ten (10) to eleven (11) directors.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Bank have been involved in any legal proceedings during the past five (5) years, including without limitation being the subject of any:

- i) bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
- ii) conviction by a final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- iii) order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities;
- iv) order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation.

Significant Employees

Although PBB has relied on and will continue to rely on, the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, PBB believes that it does not depend on the services of a particular employee and that there is no employee that the resignation or loss of whom would have a material adverse impact on its business.

Item 12. Related Party Transactions (Please refer to Notes #24 of the AFS)

The Bank's related parties include entities under common ownership, key management and others as described below.

	2016		2017	
	Transaction	Balance	Transaction	Balance
Entities Under Common Ownership				
Deposit Liabilities	6,891,205,514	6,471,966,695	914,160,412	7,386,127,107
Interest Expense	64,390,172	-	66,106,681	-
Loans	1,217,879,975	1,212,117,019	527,860,985	767,983,251
Interest Income	44,013,008	2,832,634	29,782,815	969,508
Retirement Fund				
Contribution	37,133,819	-	37,133,819	-
Plan Assets	83,356	42,457,190	163,694,753	202,904,139
Key Management Compensation				
	101,934,057	-	113,530,990	-

i. DOSRI Deposits

The total balance of DOSRI deposits are inclusive of the corresponding related accrued interest included in the financial statements as of December 31, 2016 and 2017.

Deposit liabilities transactions with related parties have similar terms with other counterparties (see Note 18).

ii. DOSRI Loans

The Bank has loan transactions with its officers and employees. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

The General Banking Act of the BSP provides that in aggregate, loans to DOSRI generally should not exceed the Bank's total equity or 15% of the Bank's total loan portfolio, whichever is lower. In addition, the amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their deposits and the book value of their investments in the Bank. In aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Bank, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2017 and 2016, the Bank has satisfactorily complied with the BSP requirement on DOSRI limits.

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

	December 31, 2016	December 31, 2017
Total outstanding DOSRI loans	□ 1,212,117,019	□ 767,983,251
Unsecured DOSRI loans	9,856,451	29,210,591
Past due DOSRI loans	-	-
% to total loan portfolio	2.3%	0.0%
% of unsecured DOSRI loans	0.8%	3.9%
% of past due DOSRI loans	0.0%	0.0%

The details of total outstanding DOSRI Loans for the year ended December 31, 2016 and 2017 are shown below:

	<u>2016</u>	<u>2017</u>
Commercial loans	P 1,178,196,248	P 732,434,589
Key management personnel	<u>33,920,770</u>	<u>35,548,662</u>
	<u>P 1,212,117,018</u>	<u>P 767,983,251</u>

The Bank leases the following properties from affiliated parties:

Property	Owner
Banawe, Quezon City branch	Solmac Marketing Inc.
EDSA Kalookan branch	Solmac Marketing Inc.
Quintin Paredes, Binondo branch	Downtown Realty Investment Corporation
Grace Park branch	SMI Development Corporation
Yakal Makati branch	AMY Leasing Company

iii. Transactions with Retirement Fund

The retirement fund neither provides any guarantee or surety for any obligation of the Bank nor its investments by any restrictions or liens.

iv. Key Management Personnel Compensation

Salaries and short-term benefits received by key management personnel are summarized below.

	2015	2016	2017
Salaries and Wages	□ 58,902,581	□ 72,088,807	□ 81,600,760
Bonuses	14,890,912	17,987,189	20,562,459
Post-Employment Defined Benefit	7,004,439	9,024,121	8,533,196
Short-term Benefits	76,024,569	92,099,936	104,997,794
Other Short-term Benefits	1,052,380	1,325,223	1,283,950
Social Security Costs	1,178,696	1,508,717	1,550,625
Total	□ 159,053,577	□ 194,033,993	□ 218,528,784

Family Relationships

Amb. Alfredo M. Yao and Leticia M. Yao are siblings.

Jeffrey S. Yao, married to Liza Jane T. Yao, FVP-Treasury Services Group, is the son of Amb. Yao.

Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the fourth civil degree between and among directors and executive.

Item 6. Compensation of Directors and Executive Officers

The following table sets forth the aggregate compensation received by its key management officers:

In Php millions	NAME	POSITION	Aggregate Compensation Paid as a Group								
			2016			2017			2018 (estimate)		
	CEO and the four (4) most highly compensated officers of the bank namely:		23.81			27.93			28.03		
			Salary	Other Compensation	Bonus	Salary	Other Compensation	Bonus	Salary	Other Compensation	Bonus
			12.54	6.53	4.74	14.44	8.05	5.44	14.72	7.43	5.88
	Avante, Rolando R.	President & CEO									
	Boringot, Reynaldo T.	SVP /Business Dev't Officer									
	Cabalde, Joseph Edwin S.	SVP /Treasurer									
	Dantes, Consuelo V.	SVP /HRG Head									
	Geneblazo, Rodel P.	FVP / CBG Head									

Total Aggregate Compensation of the Directors and Officers of the Bank as a group:	Salary	Other Compensation	Bonus	Total
2016	248.30	19.21	57.80	325.31
2017	291.87	21.23	68.76	381.86
2018 (Estimate)	327.97	27.95	76.28	432.20

Compensation of Directors/Standard Arrangement

Each director of the Bank receives a per diem allowance of Php20,000.00 determined by the Board of Directors for attendance in a Board meeting and a Php5,000.00 allowance for attendance in a committee meeting. The Directors are also entitled to a monthly gasoline allowance of Php5,000.00.

Other Arrangement

Except as disclosed above, none of these Directors receive any additional compensation for any special assignments. Except for each of the individual Directors' participation in the Board, no Director of the Bank enjoys other arrangements such as consulting contracts or similar arrangements.

Item 7. Independent Public Accountants

Punongbayan & Araullo (P&A), a member firm of Grant Thornton International Limited, has been the bank's independent accountant for the last eight (8) years and is again recommended for appointment at the scheduled stockholders meeting.

None of the Bank's external auditors have resigned during the most recent fiscal years (2015 and 2016) or any interim period. In compliance with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to the SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Mr. Leonardo D. Cuaresma, Jr. was assigned in 2014 as an independent reviewer and partner in charge for the bank replacing Mr. Benjamin P. Valdez. Representatives of P&A are expected to be present at the meeting to respond to matters relating to the Auditor's report on the 2017 financial statements of the bank that maybe pertinently raised during the meeting. Their representatives will be given opportunity to make a statement if they so desire.

The Bank has paid the following fees to P&A relative to the regular and special engagements rendered by the latter that are reasonably related to the performance of the audit review of the Bank's financial statement:

Audit Fees For	In ₱
Dec 31, 2011	721,412.31
Jun 30, 2012	752,640.00
Sep 30, 2012	978,432.00
Dec 31, 2012	824,320.00
Dec 31, 2013	2,609,152.00
Dec 31, 2014	2,475,405.61
Dec 31, 2015	2,324,278.38
Dec 31, 2016	2,599,735.16
Dec 31, 2017	2,864,643.60

No other services were rendered by P&A that were not related to the audit and review of the Bank's financial statements.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There were no disagreements with P&A and Co. on accounting and financial disclosures.

Members of Audit Committee

The following are the members of the Audit Committee:

- 1.) Benjamin R. Sta. Catalina, Jr. - Chairman/Independent Director
- 2.) Paterno H. Dizon - Independent Director
- 3.) Amador T. Vallejos, Jr. - Director
- 4.) Jeffrey S. Yao - Director
- 5.) Roberto A. Atendido - Director
- 6.) Danilo A. Alcosoba - Director

The Audit Committee provides oversight of the Bank's financial reporting and control and internal and external audit functions. It monitors and evaluates the adequacy and effectiveness of the internal control system of the Bank. It assists the Board in fulfilling its statutory and fiduciary responsibilities with respect to internal controls, accounting policies, and auditing and financial reporting practices.

The committee conducts its meeting every second (2nd) Wednesday of the month and reports its activities to the Board on regular basis.

OTHER MATTERS.

Actions with respect to reports

The following matters will be submitted for approval of the stockholders at the Annual Stockholders Meeting on May 25, 2018.

- 1.) Approval of the Minutes of the Annual Stockholders Meeting held on May 26, 2017
- 2.) President & CEO's report on management operations for 2017
- 3.) Ratification of Past Actions of the Board and of Management
- 4.) Ratification/Confirmation of the appointment of external auditor by the Board of Directors
- 5.) Election of Directors for 2018-2019
- 6.) Approval of the Amendment of: (i) Article 6 of the Articles of Incorporation and (ii) Article III, Section 1(a) of the By-Laws

In the May 26, 2017 Annual Stockholder's Meeting the following matters were presented before the body:

- 1.) Approval of the Minutes of the Annual Stockholders Meeting held on May 27, 2016
- 2.) President & CEO's report on management operations for 2016
- 3.) Ratification of Past Actions of the Board and of Management
- 4.) Ratification/Confirmation of the appointment of external auditor by the Board of Directors
- 5.) Election of Directors for 2017-2018
- 6.) Approval of the Dividend Declaration

The list of all acts, transactions and resolutions of the Board of Directors, management and all Committees done in the ordinary course of business will be too voluminous to be included in this report. Please refer to the attached Annex "C". Most relate to regular banking transactions and credit matters which the Board of Directors, either by law or by regulations issued by the BSP, is required to act upon.

Amendment of Charter, By-Laws or Other Documents

During the Regular Board Meeting of the Bank held on 04 April 2018, the Board of Directors of the Bank confirmed the approval of the amendment of Article 6 of the Bank's Articles of Incorporation, increasing the number of directors from ten (10) to eleven (11) to comply with the required number of the composition of the Board of Directors under Bangko Sentral ng Pilipinas Circular No. 969 Series of 2017.

On 21 March 2018, the Board of Directors of the Bank during its regular meeting, approved the amendment of Article III, Section 1(a) of the Bank's By-Laws. A thorough review of the qualifications of an independent directors would reveal that the second qualification imposed is rather stringent and very restrictive as it requires engagement and exposure in the banking business for the last five (5) years. This unnecessarily limits the bank to qualify other good independent directors.

In view of this, the BOD hereby amends the second qualification and adopts a new, dynamic and more flexible qualification for an independent director.

Voting Procedures

Vote Requirement

- 1.) For election of Directors
Pursuant to Section 24 of the Corporation Code, the eleven (11) nominees receiving the highest number of votes shall be declared elected.
- 2.) For other matters submitted to a vote, a majority vote of the shareholders present either in person or by a duly notarized proxy instrument is necessary for the approval of such matter.

The method of counting the votes of the shareholders shall be in accordance with Sections 23 and 27 of the Corporation Code of the Philippines, 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 Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. Counting will be done by tabulation of the votes by the Corporate Secretary, who acts as the election inspector, with the assistance of her staff and the stock and transfer agent.

The Bank undertakes to provide without charge, upon written request of such person, a copy of the Bank's annual report on SEC Form 17-A. Requests may be sent to Rolando G. Alvendia, 3/F PBB Corporate Center, 30 Rizal Avenue corner 8th Avenue, Gracepark, Caloocan City.

The Bank likewise undertakes to provide without charge, during the Annual Stockholder's Meeting, a copy of SEC Form 17Q containing PBB's Interim Financial Statements, Management Discussion and Analysis of Financial Condition and Results of Operation.

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 Caloocan City on day of
02 MAY 2010

By: 
.....
(Signature)
ATTY. ROBERTO S. SANTOS
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

ANNEX A

A

I, **BENJAMIN R. STA. CATALINA, JR.**, Filipino, of legal age and a resident of **12 B. Amorsolo East, #23 Amorsolo Drive, Rockwell Center, Makati City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Business Bank, Inc. (A Savings Bank)** and have been its independent director since **July 16, 2012**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Philippine Business Bank, Inc. (A Savings 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 shareholders 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
N/A		

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
N/A		

CERTIFICATION OF INDEPENDENT DIRECTOR

ANNEX A-2

I, **Narciso De Leon Eraña**, Filipino, of legal age and a resident of 217 M. Paterno, San Juan, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Business Bank, Inc. (A Savings Bank)** and have been its independent director since **April 30, 2018**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Beraña, Inc.	Director / Treasurer	1988 - present
Francis Court Townhouses Corp.	Director	1993 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Philippine Business Bank, Inc. (A Savings 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 shareholders 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
N/A		

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
N/A		

CERTIFICATION OF INDEPENDENT DIRECTOR

A-3

I, **ROBERTO C. UYQUIENCO**, Filipino, of legal age and a resident of 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 Business Bank, Inc. (A Savings Bank)** and have been its independent director since NA.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Emmanuel Multi-purpose Cooperative, Cuenca, Batangas	Member, Board of Directors	Since Mar ,2011 to present
Greenleaf Foreign Exchange Corporation, Makati, MM	Chairman & CEO	Since incorporation in 2012
National University, Manila	Faculty for Bus. Law & Acctg.	Since June 2012 (presently on leave)
Manulife	Financial Adviser	Since July 2017

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Philippine Business Bank, Inc. (A Savings 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 shareholders 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	Not applicable	Not applicable



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

ANNEX B

CERTIFICATION

This is to certify that at present, none of the incumbent directors and officers of Philippine Business Bank, Inc. ("PBB"), with principal office address at *No. 350 Rizal Avenue Extension corner 8th Avenue, Gracepark, Caloocan City*, works with the Philippine Government or any of its agencies. ✓

This certification is being issued for whatever legal purposes it may serve.

Done this 20th day of April 2018 at Caloocan City, Philippines.



ATTY. ROBERTO S. SANTOS
Corporate Secretary

23 APR 2018

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiant personally appeared before me and exhibiting to me his TIN : 123-467-623, bearing his photograph and genuine signature as competent evidence of their identity in accordance with the 2004 Rules on Notarial Practice, and acknowledge to me that he is the same person who executed the foregoing affidavit.

Doc. No. 101 :
Page No. 22 :
Book No. 9 :
Series of 2018.

NOTARY PUBLIC
ATTY. NIÑO CHRISTOPHER H. PIÑA
Notary Public (MC-348 Valid Until Dec. 2019)
Roll of Attorney's No. 53988
PTR No. 9405050; 01.03.18; Caloocan
IBP No. 034177; 03.01.18; CALMANA
MCLE CERT NO. Y-9829939; 08.16.18
450 Rizal Ave., 8th Ave., Grace Park Caloocan

SUMMARY OF BOARD AGENDA FOR THE YEAR 2017

(January 18, 2017)

1. Approval of Minutes of the Previous Board Meeting
2. Financial Report as of December 31, 2016
3. For Board Notation, Confirmation, and Approval:
 - **Human Resources**
 - Approved Salary Loan
 - **Branch Banking Group m**
 - Confirmation Various Domestic Bills Purchase of MOB
 - Confirmation Various Domestic Bills Purchase of Boracay Branch
4. Loan Accounts for Board Approval
5. Minutes of Various Committees and Other Matters
 - **Anti Money Laundering and FATCA Committee**
 - Minutes of the Anti Money Laundering and FATCA Committee Meeting dated September 28, 2016
 - Minutes of the Anti Money Laundering and FATCA Committee Special Meeting dated November 16, 2016
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2016-12 dated December 14, 2016
 - **Risk Oversight Committee**
 - Revocation of the Policy on Reclassification of AFS to HFT to correct BSP exceptions
 - Minutes of the December 14, 2016 Risk Oversight Committee Meeting
 - Risk Oversight Report for January 2017

(February 15, 2017)

1. Approval of Minutes of the Previous Board Meeting
2. Financial Report as of January 31, 2017
3. For Board Notation, Confirmation, and Approval:
 - **Human Resources**
 - Approved Salary Loan
 - Appointment of Ms. Consuelo Dantes

- **Branch Banking Group**
 - Confirmation Various Domestic Bills Purchase of MOB
- **Information Technology Group**
 - Updated Information Technology Group-Service Level Agreement
- 4. Loan Accounts for Board Approval
- 5. Minutes of Various Committees
 - **Related Party Transactions Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2016-03 dated December 14, 2016
 - **Corporate Governance / Nomination Committee**
 - Minutes of the Corporate Governance / Nomination Committee Meeting No. 2016-06 dated December 14, 2016
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2017-01 dated January 11, 2017
 - **IT Steering Committee**
 - Minutes of the IT Steering Committee dated November 29, 2016 and December 28, 2016
 - **Risk Oversight Committee**
 - Proposed 2017 Risk Limits
 - Minutes of the Risk Oversight Committee dated January 11, 2017
 - Risk Oversight Report for February 2017
- 6. Other Matters
 - **Corporate Planning and Investor Relations**
 - Dividend Policy Discussion

(March 15, 2017)

1. Approval of Minutes of the Previous Board Meeting
2. Financial Report as of February 28, 2017
3. For Board Notation, Confirmation, and Approval:
 - **Human Resources**
 - Approved Salary Loan
 - **Branch Banking Group**
 - 2017 Branch Expansion Plans
 - Relocation Site for Tarlac Branch

- Establishment of OBO-Taguig City
- PBB EDSA Caloocan Contract of Lease Renewal

4. Loan Accounts for Board Approval

5. Minutes of Various Committees

➤ **Audit Committee**

- Regular Audit
- Minutes of the Audit Committee Meeting No. 2017-02 dated February 9, 2017

➤ **Anti Money Laundering and FATCA Committee**

- Minutes of the Anti Money Laundering and FATCA Committee Special Meeting dated February 2, 2017 and February 14, 2017

➤ **IT Steering Committee**

- Minutes of the IT Steering Committee dated January 31, 2017

➤ **Risk Oversight Committee**

- Minutes of the Risk Oversight Committee Meeting
- Proposed Reclassification and Cure Period Policies for Past Due and Non-Performing Loans/Exposures

6. Other Matters

(April 19, 2017)

1. Approval of Minutes of the Previous Board Meeting

2. Financial Report as of March 31, 2017

3. **Corporate Planning and Investors Group**

- Subscription of Common Shares

4. For Board Notation, Confirmation, and Approval:

➤ **Human Resources**

- Approved Salary Loan
- Promotion Eduardo Que, Sergio C. Basco, and Eleonor Marquez
- Confirmation of Appointment of Joseph Paul Florendo
- Hiring of Mr. Peter N. Yap as Chief Operating Officer

➤ **Treasury Services Group**

- Opening of Peso Account with Bank of China

➤ **Branch Banking Group**

- Domestic Bills Purchase of MOB

➤ **Systems & Methods Center/ Compliance Office**

- AML Base60 User Guidelines and Procedures for Covered (CTRs) and Suspicious Transactions Reporting (STRs)

5. Loan Accounts for Board Approval

6. Minutes of Various Committees

➤ **Anti –Money Laundering and FATCA Committee**

- Minutes of the Anti –Money Laundering and FATCA Committee Meeting No. 2016-20-A* dated December 28, 2016
- Minutes of the Anti Money Laundering and FATCA Committee Special Meeting Nos. 2017-20-B; 2017-21 and 2017-24 dated January 12, 2017; January 27, 2017 and February 21, 2017 respectively

➤ **Related Party Transaction Committee**

- Minutes of the Related Party Transaction Committee Meeting No. 2017-01

➤ **Corporate Governance / Nomination Committee**

- Minutes of the Corporate Governance / Nomination Committee Meeting No. 2017-01

➤ **Risk Oversight Committee**

- Proposed Changes in the Operational Risk Control Assessment (ORCSA) Model
- Minutes of March 8, 2017 Risk Oversight Committee Meeting

(May 17, 2017)

1. Approval of Minutes of the Previous Board Meeting

2. Financial Report as of April 30, 2017

3. For Board Notation, Confirmation, and Approval:

➤ **Human Resources**

- Approved Salary Loan
- PBB Space Planning for 2017
- Confirmation of Appointment of Jose Maria P. Valdes

➤ **Branch Banking Group**

- Domestic Bills Purchase of MOB

➤ **Compliance Office**

- Corporate Governance Evaluation Forms-2016
- Revised Corporate Governance Manual
- Annual Corporate Governance Report
- Proposed Additional Automatic High Risk Customers
- Bank's ROE

4. Loan Accounts for Board Approval

5. Minutes of Various Committees

- **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee No. 2017-04
- **Corporate Governance / Nomination Committee**
 - Regular Audit
 - Minutes of the Corporate Governance / Nomination No. 2017-02
- **IT Steering Committee**
 - Minutes of the IT Steering Committee Meeting dated February 28, 2017 and March 28, 2017
- **Trust Committee**
 - Minutes of the Trust Committee Meeting dated January 18, 2017
- **Risk Oversight Committee**
 - Proposed Revision on Cure Period Policies for Past Due Loans/ Exposures
 - Proposed Changes in the IT Operational Risk Control Self Assessment (IT ORCSA) Model
 - Proposed Policy on Authentication Controls
 - Proposed Risk Management Framework for Social Media Risks
 - Minutes of the April 18, 2017 Risk Oversight Committee Meeting

(June 21, 2017.)

1. Approval of Minutes of the Previous Board Meeting
2. Financial Report as of May 31, 2017
3. For Board Notation, Confirmation, and Approval:
 - **Human Resources**
 - Approved Salary Loan
 - Policy on Student Internship Program
 - Engagement of Outsourcing Firm
 - **Branch Banking Group**
 - Domestic Bills Purchase of MOB
4. Loan Accounts for Board Approval
5. Minutes of Various Committees
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee No. 2017-05

- **Corporate Governance / Nomination Committee**
 - Minutes of the Corporate Governance / Nomination Special Meeting 2017-02
- **Risk Oversight Committee**
 - Proposed Remedial and Recovery Program with Timeline
 - Minutes of the May 10, 2017 Risk Oversight Committee Meeting

(July 19, 2017; 9:00 a.m.)

1. Approval of Minutes of the Previous Board Meeting
2. Financial Report as of June 30, 2017
3. For Board Notation, Confirmation, and Approval:
 - **Human Resources**
 - Approved Salary Loan
 - Policy on 201 Files Digitization Policy
 - Customer Complaint Semi- Annual Report
 - **Branch Banking Group**
 - Confirmation of various Domestic Bills Purchase of Main Office Branch
4. Loan Accounts for Board Approval
5. Minutes of Various Committees
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee No. 2017-06
 - **Anti-Money Laundering and FATCA Committee Meeting**
 - Minutes of the Anti-Money Laundering and FATCA Committee Meeting No. 2017-25
 - Confirmation of the designation of Peter N. Yap as member and Vice-Chairman of the Anti-Money Laundering (AML)/ Combating Terrorist's Financing (CTF) and FATCA Committee.
 - Proposed Guidelines on Base60 AML System Customer Risk Profiling
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting Nos. 2017-01 and 2017-02
 - **IT Steering Committee**
 - Minutes of the IT Steering Committee dated April 25, 2017 and May 23, 2017

➤ **Risk Oversight Committee**

- Vulnerability Scorecard for Real Estate Exposures
- Minutes of the June 14, 2017 Risk Oversight Committee Meeting
 - Hensan Plastic Scrap & Recycle Corp.
 - Angkong Holdings Inc.
 - High Steel Product Mfg. Co.
 - Fiesta Philippines Shopping Center Corp.
 - Hi-Purpose Corporation

(August 16, 2017; 9:00 a.m.)

1. Approval of Minutes of the Previous Board Meeting

2. General Accounting Center

- Financial Report as of July 31, 2017
- Write Off Long Outstanding Accounts Receivable

3. For Board Notation, Confirmation, and Approval:

➤ **Human Resources**

- Approved Salary Loan
- PBB Space Planning 2017

4. Loan Accounts for Board Approval

5. Minutes of Various Committees

➤ **IT Steering Committee**

- Minutes of the IT Steering Committee Meeting dated June 20, 2017

➤ **Related Party Transaction Committee**

- Minutes of the Related Party Transaction Committee Meeting No. 2017-03

➤ **Corporate Governance / Nomination Committee Meeting**

- Minutes of the Corporate Governance / Nomination Committee Meeting No. 2017-03 dated June 14, 2017
- Minutes of the Corporate Governance / Nomination Committee Special Meeting No. 2017-03 dated July 12, 2017

➤ **Audit Committee**

- Regular Audit
- Minutes of the Audit Committee Meeting No. 2017-07

➤ **Trust Committee**

- Minutes of the Trust Committee Meeting dated April 19, 2017

(September 20, 2017; 9:00 a.m.)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center**
 - Financial Report as of August 31, 2017
3. **Corporate Planning**
 - Strategic Initiative
4. **Human Resources**
 - Approved Salary Loan
 - Confirmation of Promotion of Ms. Laura B. Añonuevo
 - PBB Space Planning for 2017
 - Policy on Hiring/ Extension of Service/ Retirement of Employees above 60 years old and Policy on Lifestyle Check
 - PBB's Employee Retirement Plan
5. **Branch Banking Group**
 - Request for Confirmation of Approval of 3 License Incentive from P&A of Bataan Savings and Loan Bank
 - Request for Confirmation of Approval of Lease of PBB Off-site ATM in Z-Square Mall
 - Request for Confirmation of Approval of Transfer of License from RNKI Incentive
6. **Compliance Office**
 - Confirmation/Approval to the Bank's Revised Manual on Anti-Money Laundering and Terrorists' Financing (AML/CTF)
7. **Loan Accounts for Board Approval**
8. **Minutes of Various Committees**
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting No. 2017-04
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2017-08
 - **Risk Oversight Committee**
 - Minutes of the Trust Committee Meeting dated August 9, 2017
 - Revised Critically Category and Thresholds
 - Proposed Replacement of Information Security Officer
 - **Trust Committee**
 - Minutes of the Trust Committee dated May 5, 2016
 - **IT Steering Committee**
 - Minutes of the IT Steering Committee Meeting dated June 21,

2016; July 26, 2016; and August 30, 2016

➤ **Risk Oversight Committee**

- Minutes of the Risk Oversight Committee Meeting dated August 10, 2016
- Risk Oversight Report for September 2016

(October 18, 2017; 9:00 a.m.)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center/ Corporate Planning**
 - Financial Report as of September 30, 2017
3. **Branch Banking Group**
 - Request for Approval/ Confirmation of various Domestic Bills Purchase of Main Office Branch
4. **Central Operations Group**
 - Revised Policy Guidelines on BSP e-Rediscounting Facility
 - Guidelines on the Use of Scripless (RoSS) Securities as Security Deposit for the Faithful Performance of Trust and Other Fiduciary Business
5. **Confirmation of various Loan Accounts approved during the Special Board Committee Meeting dated October 2, 2017.**
6. **Loan Accounts for Board Approval**
7. **Minutes of Various Committees**
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2017-09 dated September 13, 2017
 - **IT Steering Committee**
 - Minutes of the IT Steering Committee Meeting dated July 11, 2017
 - Minutes of the ATM Center Meeting dated July 31, 2017
 - **Risk Oversight Committee**
 - Minutes of the Trust Committee Meeting dated September 13, 2017
 - Proposed VAR Limit for HFT Portfolio under UITF

(November 23, 2017)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center/ Corporate Planning**
 - Financial Report as of October 31, 2017
3. **Legal Services Group / Office of the Corporate Secretary**
 - Proposed Charter of the Board of Directors of Philippine Business Bank, Inc.

4. Human Resources Group

- Approved Salary Loan
- Creation of Senior AVP and Senior Executive Vice-President ranks and the Ensuing Changes in the Job Leveling
- Confirmation of Appointment of Isabelo M. Dionisio and Ronnie A. Vinco Jr.

5. Branch Banking Group

- Request for Confirmation of Approval of Proposed Expansion Areas to be applied in 2 tranches

6. Compliance

- Manual on Corporate Governance and Compliance Program

7. Information Technology Group

- PBB Information Technology Strategic Plan 2018-2020

8. Loan Accounts for Board Approval

9. Confirmation of various Loan Accounts approved during the Special Board Committee Meeting dated November 6, 2017

10. Minutes of Various Committees

➤ **Corporate Governance/ Nomination Committee**

- Minutes of the Corporate Governance/ Nomination Committee Meeting No. 2017-04 dated August 9, 2017
- Minutes of the Special Corporate Governance/ Nomination Committee Meeting No. 2017-04 dated September 13, 2017

➤ **Anti-Money Laundering and FATCA Committee**

- Minutes of the Anti-Money Laundering/ Combating Terrorist Financing Special Meeting No. 2017-27 dated August 1, 2017
- Minutes of the Anti-Money Laundering/ Combating Terrorist Financing and FATCA Committee Meeting No. 2017-26 dated June 28, 2017

➤ **Audit Committee**

- Regular Audit
- Minutes of the Audit Committee Meeting No. 2017-10 dated October 11, 2017

➤ **Trust Committee**

- Minutes of the Trust Committee Meeting dated July 19, 2017

➤ **IT Steering Committee**

- Minutes of the IT Steering Committee Meeting dated August 8, 2017; September 19, 2017 and October 10, 2017

➤ **Risk Oversight Committee**

- Minutes of the Trust Committee Meeting dated October 11, 2017
- Proposed Guidelines on IT Baseline Security Standards

December 20, 2017

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center/ Corporate Planning**
 - Financial Report as of November 30, 2017
3. **Confirmation of various Loan Accounts approved during the Special Board Committee Meeting dated December 11, 2017**
4. **Compliance**
 - Revised Compliance Manual
5. **Central Operations Group**
 - Proposed Changes in Check Discounting Policy of the Bank
 - PFRS 9 Business Model for Managing Financial Assets
6. **Human Resources Group**
 - Hiring of Product Development and Management Head
 - Resignation/ Retirement of Mr. Agustin Dingle and Appointment of Acting Compliance Officer
 - Proposed Organization and Structures Changes for 2018
 - Performance – Based Compensation and Reward
7. **Loan Accounts for Board Approval**
8. **Minutes of Various Committees**
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2017-11 dated November 16, 2017
 - **Corporate Governance/ Nomination Committee**
 - Minutes of the Corporate Governance/ Nomination Committee Meeting No. 2017-05 dated November 16, 2017
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting Nos. 2017-05 dated September 13, 2017
 - Minutes of the Special Meeting Related Party Transaction Committee No. 2017-05 dated September 13, 2017

(January 17, 2018)

1. Approval of Minutes of the Previous Board Meeting
2. **General Accounting Center/ Corporate Planning**
 - Financial Report as of December 31, 2017
3. **Corporate Planning and Investor Relations Group**
 - Capital Raise Initiative
4. For Board Notation, Confirmation, and Approval:
 - **Human Resources Group**
 - Approval of HR System
 - **Treasury Services group**
 - Guidelines/ Procedures of Auto FX Service Payments and Receipts for Third Currency
 - **Branch Banking Group**
 - Confirmation Various Domestic Bills Purchase of MOB
5. Loan Accounts for Board Approval
6. Minutes of Various Committees and Other Matters
 - **Related Party Transaction Committee**
 - Minutes of the Related Party Transaction Committee Meeting dated December 13, 2017
 - **Audit Committee**
 - Regular Audit
 - Minutes of the Audit Committee Meeting No. 2017-12 dated December 13, 2017
 - **Risk Oversight Committee**
 - Proposed 2018 Risk Limits
 - Minutes of the December 13, 2017 Risk Oversight Committee Meeting

(February 21, 2018)

1. Audit by Punong Bayan & Araullo: Closing Meeting with Audit Committee and Approval of the Board
2. Approval of Minutes of the Previous Board Meeting
3. **General Accounting Center**
 - Financial Report as of January 31, 2018

4. For Board Notation, Confirmation, and Approval:

➤ **Human Resources Group**

- Confirmation of Ms. Katherine Y. Pura as Assistant Vice-President
- Transfer of some Head Office Units to Z-Square Mall
- Inclusion of Purpose of Financial Assistance in Fringe Benefits
- Approval of HR System

➤ **Central Operations Group**

- Central Clearing Center Manual

5. Loan Accounts for Board Approval

6. Minutes of Various Committees and Other Matters

➤ **Corporate Governance / Nomination Committee**

- Minutes of the Corporate Governance / Nomination Committee Meeting No. 2017-06 dated December 13, 2017

➤ **Related Party Transaction Committee**

- Minutes of the Related Party Transaction Committee Meeting No. 2018-1 dated January 10, 2018

➤ **Audit Committee**

- Regular Audit
- Minutes of the Audit Committee Meeting No. 2018-01 dated January 10, 2018

➤ **ATM Center**

- Minutes of the ATM Center Meeting dated December 29, 2017

➤ **Trust Committee**

- Minutes of the Trust Committee Meeting dated October 18, 2017

➤ **Risk Oversight Committee**

- Minutes of the Risk Oversight Committee Meeting dated January 10, 2018
- Bank Compliance to Swift CSP Recommended Security Controls
- Proposed Policy on Downgrading to Watch and Classified Accounts
- Policy on Back Testing of Value at Risk Methodology
- Proposed Policy on Conduct Stress Testing Exercise

(March 21, 2018)

1. Approval of Minutes of the Previous Board Meeting

2. **General Accounting Center**

- Financial Report as of February 28, 2018

3. Corporate Planning and Investor Relations

- Dividend discussion

4. For Board Notation, Confirmation, and Approval:

➤ **Compliance Office**

- Proposed AML Questionnaires for Money Service Business (MSB) Customers and Respondent Banks

➤ **Trust Committee**

- Revision of Trust Charter

5. Loan Accounts for Board Approval

6. Minutes of Various Committees and Other Matters

➤ **Related Party Transaction Committee**

- Minutes of the Related Party Transaction Committee Meeting No. 2018-2 dated February 14, 2018

➤ **Anti-Money Laundering/ Combating Terrorist Financing Committee**

- Anti-Money Laundering/ Combating Terrorist Financing Meeting No. 2017-28 dated October 25, 2017

➤ **Audit Committee**

- Regular Audit
- Minutes of the Audit Committee Meeting No. 2018-02 dated February 14, 2018

➤ **IT Steering Committee**

- Minutes of the IT Steering Committee Meeting dated November 8, 2017 & December 27, 2017

➤ **Trust Committee**

- Minutes of the Trust Committee Meeting dated January 17, 2018

➤ **Risk Oversight Committee**

- Minutes of the Risk Oversight Committee Meeting dated February 21, 2018
- Proposed Policy on Real Estate Limit

(April 18, 2018)

1. Approval of Minutes of the Previous Board Meeting

2. General Accounting Center

- Financial Report as of March 31, 2018
- BSP Report Validation Program User Manual
- User Guidelines and Procedures for Enhanced SSS System Electric Collection (E-Collection).

3. For Board Notation, Confirmation, and Approval:

➤ **Human Resources Group**

- Proposed Changes in Car Plan Policies
- Confirmation of Promotion of Senior officers:
 - Mr. Rowelito Cahilig
 - Mr. Joy T. Gallega
 - Atty. Leonardo C. Bool
 - Mr. Jose Jayson C. Dela Rosa
 - Atty. Alexius C. Narag
 - Angeline Ann H.Hwang

➤ **Branch Banking Group**

- Confirmation of Approval of Proposed Branch Location Site of Pasig Blvd –Kapitolyo Branch
- Confirmation of Approval of Conversion of OBO-Taguig City and OBO- Cebu City to Branch-lite.

4. Loan Accounts for Board Approval

5. Minutes of Various Committees and Other Matters

➤ **Anti-Money Laundering/ Combating Terrorist Financing Committee**

- Proposed Amendments to the Revised Manual on Anti-Money Laundering and Combating Terrorist Financing (AML/CTF)
- Anti-Money Laundering/ Combating Terrorist Financing Meeting No. 2018-29 dated February 28, 2018

➤ **Corporate Governance / Nomination Committee**

- Corporate Governance / Nomination Committee Meeting No. 2018-01 dated February 14, 2018

➤ **Audit Committee**

- Regular Audit
- Minutes of the Audit Committee Meeting No. 2018-03 dated March 14, 2018

➤ **Risk Oversight Committee**

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business Overview

PBB was incorporated as a Philippine corporation and registered with the SEC on January 28, 1997 as “Total Savings Bank” and was granted the authority to operate as a thrift bank under the MB Resolution No. 29 dated January 8, 1997. The BSP issued a Certificate of Authority on February 6, 1997. On December 16, 1997, the SEC approved the change of corporate name of the Bank to “Philippine Business Bank (A Savings Bank)” which the shareholders believe better reflects the Bank’s business thrust and focus.

The Bank’s focus is to become the bank of choice of the SME market segment. The BSP defines small and medium enterprises to be any business concern with assets between ₱3 million to ₱100 million, excluding the land value on which the entity’s office, plant and equipment are situated.

This focus on the SME market is driven by the size and potential of this particular market. According to a recent data from the Department of Trade and Industry, SMEs account for 99.6 percent of total registered enterprises. The Bank believes that the SME segment is the major source of entrepreneurship and economic dynamism which provide trade, manufacturing and outsourcing and services and help contribute to community and local development. Lastly, the Bank believes that the SME segment is underserved with most financial institutions focusing on the banking requirements of large corporations.

To become the bank of choice of the SME market, PBB has increased its branch presence in several commercial and industrial centres of the country and recruited branch and account officers with extensive client networks in these specific communities. The Bank’s network grew from two (2) branches in 1997 to 142 branches as of December 31, 2017 with most branches located in areas with high concentration of small and medium businesses such as Caloocan, Malabon, Navotas, Valenzuela and Quezon City. PBB has also aggressively expanded its branch network in highly urbanized areas outside the Mega Manila such as Davao, General Santos, Bacolod, and Cebu. PBB believes that client proximity, understanding its targets’ banking requirements, the reputation of its branch and account management staff within their respective communities, and the overall reputation of PBB, are the key growth factors in the banking business.

Products and Services Offered

PBB is a thrift bank that offers a range of commercial and consumer or retail banking products, trust services, and other related financial services such as mail and telegraphic transfers, safety deposit facilities, payment services, among others.

Commercial banking services include term loans, working capital credit lines, bills purchase and discounting lines. PBB is the first thrift bank to be allowed by the BSP to issue foreign currency denominated letters of credit. The Bank also offers specialized loans for agriculture and special programs of the Development Bank of the Philippines, the Social Security System, and other agencies.

Consumer banking loans include auto financing, home financing, and salary or personal loans.

As part of its commercial and consumer banking activities, PBB offers various deposit products to both its commercial and individual clients. These products include Peso denominated current and

savings accounts, foreign currency denominated savings accounts and both Peso and foreign currency time deposits.

The Bank's treasury manages the liquidity of PBB and is a key component in revenue and income generation through its investment and trading activities.

Products and services offered by PBB's trust operations include PBB's "Diamond Fund", a unit investment trust fund, investment management arrangements for both individual and commercial clients, escrow agency, security, safekeeping and depository arrangements, a funds management of employee benefit and pre-need plans, among other typical trust products and services.

Distribution methods of the products or services

The Bank utilizes branches for the distribution of its deposit and loan products. The Bank has also established the Institutional Banking Group, working in partnership with the Branch Banking Group, to service the banking needs of its clients. In 2016, the Bank also established the Business Development Group to further enhance its marketing coverage and provide targeted services to its clients. The Bank's Trust products are handled by its Trust Department while Treasury products are marketed by its Treasury Marketing and Sales Department of the Treasury Services Group.

Employees

As of December 31, 2017, the Bank has a total of 1,448 employees broken down into the following categories:

Executives	69
Managers – Operations and Support	134
Managers – Branch / Marketing	359
Staff	886
Total	1,448

For the ensuing twelve (12) months, the Bank anticipates to hire an additional 82 employees broken down as follows:

Executive	1
Managers – Operations and Support	27
Managers – Branch / Marketing	24
Staff	30
Total	82

There is no collective bargaining agreement between the Bank and any of its employees. None of the Bank's employees are affiliated with any labor union.

Market Information

The common shares of PBB was listed last February 19, 2013. The high and low price of the Registrant's shares as of April 12, 2018 is ₱12.58.

Quarter	2016		2017		2018	
	High	Low	High	Low	High	Low
1st	14.00	11.77	12.27	11.77	13.70	11.72
2nd	12.75	11.97	13.63	12.17		
3rd	12.50	11.58	14.50	12.87		
4th	12.08	11.58	13.14	11.58		
As of April 12, 2018					12.58	12.58
*Adjusted after the 20% stock dividend in 2017						

Holders

As of March 31, 2018, PBB's public listing date, the Bank has a total of 71 shareholders. The following are the Top 20 holders of record of the Bank's common shares as set forth in the following table:

NAME/CITIZENSHIP	HOLDINGS	RANK
ALFREDO M. YAO / FILIPINO	239,838,309	37.26%
PCD NOMINEE CORPORATION - FILIPINO	218,532,450	33.95%
ZEST-O CORPORATION / FILIPINO	162,052,923	25.17%
PCD NOMINEE CORPORATION - NON FILIPINO	9,470,105	1.47%
LETICIA M. YAO / FILIPINO	1,620,536	0.25%
ERLINDA M. YAO / FILIPINO	1,620,536	0.25%
JEFFREY S. YAO / FILIPINO	1,620,536	0.25%
CAROLYN S. YAO / FILIPINO	1,620,535	0.25%
MARY GRACE S. YAO / FILIPINO	1,620,535	0.25%
ARMANDO M. YAO / FILIPINO	857,143	0.13%
ROBERTO L. OBIEDO / FILIPINO	506,250	0.08%
JAMES G. DY / FILIPINO	468,750	0.07%
SIOT KENG GO DY / FILIPINO	375,000	0.06%
ROBERTO LEE OBIEDO / FILIPINO	375,000	0.06%
PETER Y. SEE / FILIPINO	375,000	0.06%
ARMANDO M. YAO / FILIPINO	324,108	0.05%

ARMANDO M. YAO / FILIPINO	259,286	0.04%
EUSEBIO S. GO / FILIPINO	187,500	0.03%
REYNATO KEH LIM &/OR SUSANA DY LIM / FILIPINO	187,500	0.03%
JOHNNY CHAN / FILIPINO	187,500	0.03%
OTHERS	1,650,592	0.26%

Dividends

PBB is authorized under Philippine laws to declare dividends, subject to certain requirements. The Board is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination thereof as may be determined by the Board. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of PBB's outstanding capital stock. The Board may not declare dividends which will impair its capital.

Pursuant to Republic Act 8791 and as provided for in the Manual of Regulations Banks, PBB cannot declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. PBB cannot likewise declare dividends, if at the time of its declaration it has not complied with the following:

- a) Its clearing account with BSP is not overdrawn;
- b) BSP's liquidity floor requirement for government funds;
- c) BSP's minimum capitalization requirement and risk-based capital ratio;
- d) Prescribed EFCDU/FCU cover consisting of 30 per cent liquidity cover and 100 percent asset cover
- e) Statutory and liquidity reserves requirement;
- f) It has no past due loans or accommodation with BSP or any institutions;
- g) It has no net losses from operations in any one or two fiscal years immediately preceding the date of dividend declaration;
- h) It has not committed any of the major violations enumerated in the Manual.

The Manual provides that banks whose shares are listed in the Philippine Stock Exchange may give immediate notice of such dividend declaration to SEC and PSE; provided that no record date shall be fixed for such dividend declaration pending verification by the appropriate department of the BSP.

As of this date the Bank has not adopted a specific dividend policy which defines a minimum percentage of net earnings to be distributed to its common shareholders.

On July 16, 2012, the Bank's shareholders and Board of Directors approved the declaration of stock dividends amounting to ₱2.0 billion from its unrestricted retained earnings. In the same meeting, the Board also approved the payment of cash dividends to the preferred shareholders in the total amount of ₱100.35 million. Payment of these dividends were approved by BSP and SEC. On November 16, 2012, the Bank obtained approval for the issuance of 200,000,000 new common shares each at a par value of ₱10.00, in relation to this stock dividend declaration and the payment of cash dividends to the preferred stockholders.

On May 5, 2014, the BOD approved the declaration of cash dividends amounting to ₱62.3 million for all issued and outstanding preferred shares and stock dividends totaling ₱85.8 million common shares amounting to ₱858.3 million for all issued and outstanding common shares to stockholders on record for the year ended December 31, 2013. The dividend distribution was approved by the stockholders representing at least two-thirds of the issued and outstanding capital stock and the BSP on May 30, 2014 and June 26, 2014, respectively.

On August 19, 2015, the BOD approved the declaration stock dividends totaling ₱107.3 million common shares amounting to ₱1.1 billion for all issued and outstanding common shares to stockholders on record for the year ended December 31, 2014. The dividend distribution was approved by the stockholders representing at least two-thirds of the issued and outstanding capital stock and the BSP on May 29, 2015 and August 4, 2015, respectively.

On March 15, 2017, the BOD approved the declaration of 20% stock dividends amounting to ₱1.1 billion for the Bank's 536.5 million common shares.

There has been no Stock Options offered by the Bank.

Corporate Governance

Philippine Business Bank, Inc. commits to the highest standards of good corporate governance in realizing its vision and mission. The Bank believes that sound corporate practices based on fairness, accountability and transparency is essential in achieving growth and stability as well as enhancing investor confidence.

The Bank aims to create and sustain value for its various stakeholders. To achieve this, the Bank's Board of Directors, senior management and employees understand that compliance with regulations and best practice standards is everybody's responsibility. The Bank accomplishes this by adopting measures designed to align the shareholders' and senior management's objectives with that of the employees.

The Board of Directors conducts its functions as a full Board and through its six (6) committees, namely: Executive, Trust, Corporate Governance and Nomination, Audit, Risk Management and Manpower, Compensation and Remuneration. Board-approved Corporate Governance policies are contained in the Manual of Corporate Governance which is based on the Corporate Code of the Philippines, Securities Regulations Code, SEC Revised Code of Corporate Governance and relevant provisions of the Bangko Sentral ng Pilipinas Manual of Regulations for Banks. Every member of the organization of Philippine Business Bank, Inc. is informed of these policies.

The Bank's Code of Ethics ensures that all employees adhere to the highest standards of quality, honesty, transparency and accountability. To further emphasize its commitment to integrity, the Philippine Business Bank, Inc., under its Whistle Blowing Policy, encourages employees to report,

in good faith, to Senior Management any misconduct within their respective business units. The policy protects in confidence the identity of the employee who disclosed the suspected offence within the organization.

Philippine Business Bank, Inc. values the contribution of its employees in fostering a culture of good corporate governance. The Human Resource Group and the Personnel Committee ensure that interests and concerns of personnel are heard and addressed.

Going beyond adherence to regulatory framework, Philippine Business Bank, Inc. fosters a culture of partnership within its organization to ensure that long-term success and performance of the Bank are achieved.

The Corporate Governance and Nomination Committee leads the Bank in defining corporate governance policies and attaining best practices. As one of its strategic governance roles, the Corporate Governance and Nomination Committee reviews and evaluates the qualification of individuals nominated to the Board as well as those nominated to other positions requiring appointment by the Board. The Committee is responsible for the periodic administration of performance evaluation of the Board and its committees. It conducts an annual evaluation of its performance in accordance with the criteria provided in the 2009 SEC Code of Corporate Governance and the Bangko Sentral ng Pilipinas Manual of Regulations for Banks. The Committee is assisted by the Compliance Office led by the Chief Compliance Officer in the implementation of its mandates. The Committee, consisting of two (2) independent directors (one of whom acts as chairperson) and one (1) regular director meets every two months.

Undertaking

The Bank will provide without charge its Annual Report on SEC Form 17-A to its stockholders upon receipt of a written request addressed by Atty. Roberto S. Santos, Corporate Secretary, 3/F PBB Corporate Center, 350 Rizal Avenue corner 8th Avenues, Grace Park, Caloocan City.

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

Overview

PBB is a savings bank whose principal banking activities are focused on the corporate and SME markets. Among the Bank's principal products are corporate and consumer loans, deposit products, treasury and trust products and trade financing, among others. The Bank was formed in 1997 and today, has a network of 142 branches and 149 ATMs located all over the country.

The Bank's capital as of year-end 2017 stood at ₱10.2 billion while book value per share net of preferred was ₱14.9.

As of December 31, 2017, the Bank's Tier 1 capital adequacy ratio and total capital adequacy ratio was 13.1% and 14.0%, respectively. Return on average assets and return on average equity were 1.0% and 6.5%, respectively.

Factors Affecting the Bank's Results of Operations

Set out below are the most significant factors which have affected the Bank's operating results in the past and which are expected to affect the Bank's results in the future. Factors other than those set forth below may also have a significant impact on the Bank's results of operations and financial condition in the future.

Interest Rates

Fluctuations in the interest rates in the market can have a material impact on the Bank by affecting its interest income, cost of funding as well as the general performance of the Bank's loan portfolio and other assets. The profitability of the Bank depends on its ability to manage its assets and liabilities particularly during periods when interest rates are volatile. An increase in interest rates may adversely affect earnings as it results in a higher cost of funds for the Bank and portfolio value of its assets.

Regulatory Environment

The Philippine banking industry is a highly regulated sector whose operations are under the supervision of the BSP. The BSP formulates and implements regulatory policies and guidelines on capital adequacy, lending limits, anti-money laundering, management, loan loss provisioning and other aspects of a bank's operations and monitors compliance thereon through on-site and off-site examinations of banks.

Competition

The Philippine banking sector is highly competitive and the Bank is subject to significant levels of competition from domestic and foreign banks. These banks may have more capital and other financial resources, larger branch network or higher brand recognition, among others, than the Bank. Some financial institutions may be able to offer more products and services, have higher lending limits, offer lower lending rate or possess stronger balance sheets. Competition has affected and will continue to affect the Bank's funding costs as well as the ability of the Bank to market its products and services and implement its business plans and adversely impact PBB's results of operations and financial condition.

Philippine and Global economic environment

The Bank's business and operations and assets are based in the Philippines and hence, the results of operations and performance and quality and growth of PBB's assets depend, to a large extent, on the performance of the Philippine economy. The Philippine economy, in turn, has also been adversely affected by the downturn in the global financial markets as well as the slowdown in the U.S. economy. Monetary policies worldwide formulated in response to the financial crisis resulted in a decline in interest rates. Interest rates in the Philippines have recently declined which could affect the Bank's income and margins.

A. Financial Performance

For the calendar year ended December 31, 2017 and 2016:

	For the calendar period ended			
	12/31/2017	12/31/2016	Variance	%
Interest income	₱ 3,881,469,895	₱ 3,207,154,576	₱ 674,315,319	21.0
Interest expense	(841,831,345)	(734,732,780)	(107,098,565)	14.6
Net interest income	₱ 3,039,638,550	₱ 2,472,421,796	₱ 567,216,754	22.9

Interest income on loans and other receivables strengthened by 33.4% to ₱3.7 billion as of year-end 2017 as a result of the 37.2% increase in the Bank's loan volume and loan yields. Overall interest income ended at ₱3.9 billion, a 21.0% increase versus 2016's ₱3.2 billion.

Interest expense also increased by 14.6% from ₱734.7 million in 2016 to ₱841.8 million in 2017 due to the 12.6% expansion of interest expense on deposit liabilities as the need to raise funds arises to support the rapid growth of PBB's loan portfolio.

As a result, net interest income as of December 2017 stood at ₱3.0 billion, a 22.9% increase.

	For the calendar period ended			
	12/31/2017	12/31/2016	Variance	%
Core income				
Net interest income	₱ 3,039,638,550	₱ 2,472,421,796	₱ 567,216,754	22.9
Service charges, fees and commissions	200,841,789	151,446,102	49,395,687	32.6
Miscellaneous	47,147,687	84,734,375	(37,586,688)	(44.4)
	3,287,628,026	2,708,602,273	579,025,753	21.4
Non-interest expenses	(2,252,864,319)	(2,012,479,487)	(240,384,832)	11.9
Core income	₱ 1,034,763,707	₱ 696,122,786	₱ 338,640,921	48.6

Service charges, fees, and commissions grew by 32.6% due to the increased lending transactions while miscellaneous income incurred a 44.4% drop as foreign exchange gains, rental of safe / night deposit box, and penalties on loans were lower in 2017. Non-interest expenses also expanded from ₱2.0 billion in 2016 to ₱2.3 billion in 2017 owing to the ₱100.3 million increase in salaries and other employee benefit expenses in line with the Bank's continuous expansion.

As a result, PBB's core income reached ₱1.0 billion in 2017, a 48.6% increase from 2016's ₱696.1 million.

	For the calendar period ended			
	12/31/2017	12/31/2016	Variance	%
Core income	₱ 1,034,763,707	₱ 696,122,786	₱ 338,640,921	48.6
Trading gains (losses)	139,089,396	335,383,026	(196,293,630)	(58.5)
Pre-tax pre-provision profit	₱ 1,173,853,103	₱ 1,031,505,812	₱ 142,347,291	13.8
Loan loss provision	(260,519,609)	(157,043,157)	(103,476,452)	65.9
Taxes	(273,247,394)	(205,838,450)	(67,408,944)	32.7
Net income	₱ 640,086,100	₱ 668,624,205	(₱ 28,538,105)	(4.3)

Due to the continued global market volatility, trading opportunities were limited in 2017. Trading gains as of year-end stood at ₱139.1 million trading gains, down by 58.5% from 2016's ₱335.4 million. Due in part to the Bank's transition from the previous loan loss regime to its own loan loss model predicated on BSP Circular 855, loan loss provisioning was higher by ₱103.5 million

from ₱157.0 million in 2016 to ₱260.5 million in 2017.

The Bank also incurred one-time expenses in 2017 amounting to ₱60.0 million for the agri-agra penalties and the celebration of PBB's 20th anniversary. Profit before tax, excluding the non-recurring expenses, should be 11.3% higher from ₱874.5 million last year to ₱973.3 million this year.

For the calendar year ended December 31, 2016 and 2015:

	For the calendar period ended				%
	12/31/2016	12/31/2015	Variance		
Interest income	₱ 3,207,154,576	₱ 3,140,643,449	₱ 66,511,127		2.1
Interest expense	(734,732,780)	(758,318,335)	23,585,555		(3.1)
Net interest income	₱ 2,472,421,796	₱ 2,382,325,114	₱ 90,096,682		3.8

Interest income grew by 2.1% from ₱3.1 billion in 2015 to ₱3.2 billion in 2016 as interest income from loans and other receivables and interest due from BSP and other banks increased by 4.0% and 53.1%, respectively. On the other hand, interest expense declined by 3.1% from ₱758.3 million to ₱734.7 million YoY as bills payable and other interest expenses declined by 99.6% and 64.4%.

As a result, net interest income grew by 3.8% or ₱90.1 million from ₱2.4 billion in 2015 to ₱2.5 billion in 2016.

	For the calendar period ended				%
	12/31/2016	12/31/2015	Variance		
Core income					
Net interest income	₱ 2,472,421,796	₱ 2,382,325,114	₱ 90,096,682		3.8
Service charges, fees and commissions	151,446,102	132,425,882	19,020,220		14.4
Miscellaneous	84,734,375	73,430,963	11,303,412		15.4
	2,708,602,273	2,588,181,959	120,420,314		4.7
Non-interest expenses	(2,012,479,487)	(1,780,166,990)	(232,312,497)		13.1
Core income	₱ 696,122,786	₱ 808,014,969	(₱ 111,892,183)		(13.8)

Service charges, fees and commissions increased by 14.4% from ₱132.4 million to ₱151.4 million YoY due to 76.6% and 16.0% growth in service charges for domestic bills and appraisal fees, respectively. Miscellaneous income expanded by 15.4%, or ₱11.3 million, as commitment, processing and handling fees in relation to services rendered by the Bank grew by 23.1%.

There was a ₱232.3 million increase in operating expense from ₱1.8 billion in 2015 to ₱2.0 billion in 2016. Significant increases of non-interest expenses above 10% are as follows: salaries and other employee benefits by 16.9%, depreciation and amortization by 11.3%, management and other professional fees by 34.2%, and miscellaneous expenses by 11.1%.

	For the calendar period ended			
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>Variance</u>	<u>%</u>
Core income	₱ 696,122,786	₱ 808,014,969	(₱ 111,892,183)	(13.8)
Trading gains (losses)	335,383,026	69,474,667	265,908,359	382.7
Pre-tax pre-provision profit	₱ 1,031,505,812	₱ 877,489,636	₱ 154,016,176	17.6
Loan loss provision	(157,043,157)	(172,050,358)	15,007,201	(8.7)
Taxes	(205,838,450)	(203,297,274)	(2,541,176)	1.2
Net income	₱ 668,624,205	₱ 502,142,004	₱ 166,482,201	33.2

Trading gains accelerated by 382.7% from ₱69.5 million last year to ₱335.4 million this year bringing pre-tax pre-provision profit to ₱1.0 billion in 2016, a 17.6% increase from ₱877.5 million in 2015. The Bank continues to set aside a certain portion of its income for impairment losses to cover its non-performing loans. Loan loss provision decreased from ₱172.1 million in 2015 to ₱157.0 million in 2016 as the NPL ratio declined from 2.9% to 2.5% in 2016.

Consequently, the Bank's net income grew from ₱502.1 million to ₱668.6 million, a 33.2% increase YoY.

For the calendar year ended December 31, 2015 and 2014:

	For the calendar period ended			
	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Variance</u>	<u>%</u>
Interest income	₱ 3,140,643,449	₱ 2,835,896,095	₱ 304,747,354	10.7
Interest expense	(758,318,335)	(600,616,735)	(157,701,600)	26.3
Net interest income	₱ 2,382,325,114	₱ 2,235,279,360	₱ 147,045,754	6.6

Interest income grew by 10.7% from ₱2.8 billion to ₱3.1 billion this year due to higher loan volumes booked this year. Interest expense also increased by 26.3% as the volume of deposits increased from ₱46.6 billion in 2014 to ₱55.1 billion in 2015.

The Bank's net interest income increased from ₱2.2 billion in 2014 to ₱2.4 billion in 2015. The growth was a direct result of the increase in interest income from ₱2.8 billion in 2014 to ₱3.1 billion in 2015, 10.7% growth year-over-year (YoY) while interest expense grew by ₱157.7 million from ₱600.6 million in 2014 to ₱758.3 million in 2015.

As a result, PBB's net interest income totaled ₱2.4 billion for the year 2015.

	For the calendar period ended			
	12/31/2015	12/31/2014	Variance	%
Core income				
Net interest income	₱ 2,382,325,114	₱ 2,235,279,360	₱ 147,045,754	6.6
Service charges, fees and commissions	132,425,882	127,487,177	4,938,705	3.9
Miscellaneous	73,430,963	144,153,797	(70,722,834)	(49.1)
	2,588,181,959	2,506,920,334	81,261,625	3.2
Non-interest expenses	(1,780,166,990)	(1,573,216,261)	(206,950,729)	13.2
Core income	808,014,969	933,704,073	(125,689,104)	(13.5)

Despite the increase in net interest income, its core income decreased by 13.5% from ₱933.7 million to ₱808.0 million. However, on a recurring basis core income would increase by 2.5% owing to a one time gain in miscellaneous income in 2014.

Service charges, fees and commissions expanded to ₱132.4 million, or a 3.9% growth YoY, while Miscellaneous income decreased by ₱70.7 million resulting in ₱73.4 million.

Non-interest expenses grew by 13.2% YoY as the Bank continued its expansion of its branch network and added manpower to handle its expanding business volume.

	For the calendar period ended			
	12/31/2015	12/31/2014	Variance	%
Core income	₱ 808,014,969	₱ 933,704,073	(₱ 125,689,104)	(13.5)
Trading gains (losses)	69,474,667	34,827,391	34,647,276	99.5
Pre-tax pre-provision profit	₱ 877,489,636	₱ 968,531,464	(₱ 91,041,828)	(9.4)
Loan loss provision	(172,050,358)	(189,887,127)	17,836,769	(9.4)
Taxes	(203,297,274)	(242,439,233)	39,141,959	(16.1)
Net income	₱ 502,142,004	₱ 536,205,104	(₱ 34,063,100)	(6.4)

The Bank's trading gains totaled ₱69.5 million, higher than last year's gain of ₱34.8 million, a 99.5% increase. As a result pre-tax pre-provision income rose to ₱887.9 million. PBB continues to set aside a certain portion of its income for impairment losses to cover its non-performing loans. The Bank decreased its provision by ₱17.8 million from ₱189.9 million in 2014 to ₱172.1 million in 2015.

Net income amounted to ₱502.1 million, which is 6.4% lower YoY from ₱536.2 million.

Financial position

December 31, 2017 vs December 31, 2016

PBB's total resources as of December 2017 expanded by 24.2% from ₱70.3 billion to ₱87.3 billion, a ₱17.0 billion increase, on account of increases in due from BSP, due from other banks, and loans and other receivables.

Cash and other cash items decreased by ₱96.4 million in 2017 as loan funding requirements increased. Due from BSP grew by 5.6% due to the 28.4% increase in mandatory reserves. Due from other banks stood at ₱4.0 billion from ₱1.6 billion in 2016 as a result of the increased levels of placements and balances with counterparty banks.

Trading securities decreased by 65.6% to ₱2.4 billion in 2017 as PBB felt it was prudent to limit trading activities this year as a result of the rising interest rate environment. The Bank also shifted its focus on earning assets from trading portfolio to loans as loan demand was very strong and trading opportunities were limited in 2017.

Due to the increase in lending activity, loans and other receivables expanded by 37.2%, ending 2017 at ₱70.6 billion against 2016 figure of ₱51.4 billion.

Bank premises, furniture, fixtures, and equipment and investment properties dropped by 9.2% and 5.6% as additions were lower and disposals amounted to ₱73.6 million in 2017. Other resources also dipped by 1.6% ending the year with ₱1.8 billion.

Both low cost and high cost deposits increased by 15.5% and 31.3%, respectively, to cover the expansion of the Bank's loan book. As a result, total deposit liabilities ended at ₱73.5 billion, a 24.8% increase versus 2016's ₱58.9 billion.

In 2017, the Bank obtained bills payable amounting to ₱1.9 billion to support its loan book growth, while accrued expenses and other liabilities declined by 11.5% from ₱1.8 billion as of December 31, 2016 to ₱1.6 billion as of December 31, 2017. Overall liabilities as of 2017 ended at ₱77.0 billion, 26.9% higher than last year's figure of ₱60.7 billion.

Shareholder's equity stood at ₱10.2 billion in 2017, up by 6.9%. Book value per share net of preferred shares was at ₱14.9 as of December 2017 versus December 2016's ₱13.9, both adjusted after the 20% stock dividend declaration this year.

December 31, 2016 vs December 31, 2015

As of December 31, 2016, the Bank's total resources stood at ₱70.3 billion from ₱65.6 billion last year, a 7.1% increase as loans and other receivables expanded by 23.2% from ₱41.7 billion to ₱51.4 billion YoY.

Cash and other cash items declined by 14.1% from ₱1.3 billion to ₱1.1 billion YoY as the Bank paid out its bills payable in 2016.

Mandatory reserves were up by 12.2% while other than mandatory reserves declined by 49.4% making the total for due from Bangko Sentral ng Pilipinas as of full year 2016 down to ₱6.2 billion. Due from other banks also decreased by 42.2% as deposits from local and foreign banks decreased by 51.3% and 18.7%, respectively.

Trading and other investment securities decreased by 22.3% as the Bank unloaded its HTM securities amounting to ₱5.9 billion as of end 2016.

As of year-end 2016, the Bank's premises, furniture, fixtures, and equipment was reduced to ₱536.0 million from ₱562.6 million, a 4.7% decrease. This is due to the increase in disposals of furniture and fixtures, transportation equipment, and leasehold improvement from ₱6.2 million to ₱33.7 million YoY.

Investment properties also dropped by 33.6% to ₱448.4 million subsequent to the ₱390.4 million land disposal in 2016.

Other resources increased by 5.4%, or ₱91.8 million higher than last year's ₱1.7 billion as goodwill expanded by 119.3% following BSP's approval of the acquisition of Rural Bank of Kawit as the Bank recognized assets and liabilities at their fair values amounting to ₱59.5 million.

Due to the Bank's aggressive branch expansion project, deposit liabilities grew by 7.1% or ₱3.9 billion from ₱55.0 billion to ₱58.9 billion YoY. Both low cost funds and time deposits increased by 11.8% and 4.0%, respectively.

Accrued expenses and other liabilities decreased by 14.7% from ₱2.1 billion in December 31, 2015 to ₱1.8 billion as of December 31, 2016. This is primarily due to the 37.1% decline in bills purchased and paid out 100% of post-employee benefit obligation amounting to ₱23.4 million and ₱1.9 million derivative liabilities.

Shareholder's equity strengthened by 13.0% to ₱9.6 billion versus last year's ₱8.5 billion. Book value per share as of December 31, 2016 was at ₱16.7 versus last year's ₱14.6.

December 31, 2015 vs December 31, 2014

The Bank's assets reached ₱65.6 billion, a 13.4% increase compared to ₱57.9 billion last year. A major source came from loans and receivables which grew by ₱1.6 billion or 4.1% from ₱40.1 billion in December 31, 2014 to ₱41.7 billion in December 31, 2015 as a result of deployment of funds to borrowing clients.

Cash and Other Cash items improved by ₱105.3 million or 9.0% from ₱1.2 billion in December 31, 2014 to ₱1.3 billion in December 2015 due to significant increase in the number of branches.

Due from BSP grew by ₱3.1 billion or 68.46% from ₱4.6 billion in December 31, 2014 to ₱7.7 billion in December 31, 2015.

Due from other banks increased by ₱794.4 million or 39.1% from ₱2.0 billion in December 31, 2014 to ₱2.8 billion in December 31, 2015 this is an increase in excess cash in vault of branches deposited to our depository bank for transfer to BSP.

Bank Premises grew by ₱46.9 million or 9.1% from ₱515.8 million in December 31, 2014 to ₱562.6 million in December 31, 2015 due to branch expansion.

Investment Properties declined by 4.2% or ₱30.0 million from ₱705.7 million in December 31, 2014 to ₱675.8 million in December 31, 2015.

Other resources increased by 87.34% or ₱796.7 million from ₱912.1 million in December 31, 2015 to ₱1.7 billion in December 31, 2014.

Liabilities amounted to ₱57.1 billion as of December 31, 2015. This is ₱87.3 million or 14.6% higher compared to December 31, 2014 level of ₱49.8 billion. This is due to increase in the number of branches and aggressive deposit campaign.

Bills Payable decreased by ₱308.6 million or 99.7% from ₱309.5 million in December 2014 to ₱956.3 thousand in December 2015. Accrued expenses and other liabilities decreased by 27.82% or ₱807.9 million from ₱2.9 billion in December 31, 2015 to ₱2.1 billion in December 31, 2014.

B. Key Performance Indicators

CAR: Capital Adequacy Ratio was at 14.0%, higher than BSP's minimum requirement of 10.0%.

Asset Quality: The Bank's non-performing loans ratio improved, from 2.5% in 2016 to 2.2% this year.

Profitability: Return on Average Equity (ROAE) decreased from 7.5% in 2016 to 6.5% as of December 2017.

Liquidity: The Bank's loans-to-deposits ratio (BSP formula) as of December 31, 2017 increased from 87.3% in 2016 to 96.0% due to rapid growth of PBB's loan portfolio.

Asset efficiency: Return on Average Assets (ROAA) remained flat at 1.0% in December 2017.

Book value per share as of December 31, 2017 was at ₱14.9 from ₱13.9 in December 31, 2016, both adjusted after the 20% stock dividend declaration this year.

The following table shows the key performance indicators for the past three (3) calendar years ending December 31, 2017 (in %):

Performance Indicator	2015	2016	2017
ROAE	6.1	7.4	6.5
ROAA	0.8	1.0	1.0
CAR	17.7	17.0	14.0
Loans – Deposit Ratio (BSP Formula)	75.9	87.3	96.0
NPL Ratio (BSP Formula)	2.9	2.5	2.2
Book value per share ¹	12.2	13.9	14.9

Note: Adjusted for stock dividends of 20% in 2017

Critical Accounting Policies

For information on the Bank's significant accounting judgments and estimates, please refer to notes 2 and 3 of the Bank's financial statements included as attachment of SEC17-A.

Description of Comprehensive Statement of Income

Revenues

Interest Income. Interest income is interest generated from PBB's loans and receivables. The Bank also generates interest income from amounts due from other banks, investment securities and securities purchased under resale agreements.

Interest Expense. Interest expense refers to interest paid or accrued on deposits, bills payable and other fund borrowings.

Net Interest Income. Net interest income is equal to interest income after deducting interest expense.

Impairment Losses. Impairment losses refer to estimated losses in the Bank's loan portfolio, investment securities, investment properties and other risk assets.

Other Income

Other income is composed of the following:

Trading gains – net. This line item comprises results arising from trading activities which include gains and losses from changes in fair value of financial assets held for trading as well as gains from the sale of trading and investment securities.

Services charges, fees and commissions. The Bank earns service charges, fees and commissions from various financial services it provides to its customers. These fees include investment fund fees, custodian fees, commission income, credit related fees, asset management fees, portfolio and advisory fees.

Miscellaneous Income. Miscellaneous income also comprises foreign exchange gain, gain on asset foreclosures and dacion transactions, trust fees, gain on sale of assets and miscellaneous items.

Other Expenses

Other expenses are the Bank's general and administrative expenses composed primarily of salaries and employee benefits, taxes and licenses, rent and fees, depreciation and amortization and other operating costs.

Tax Expense

Tax expense relates mainly to the corporate income tax payable by the Bank which is composed of a two per cent (2%) minimum corporate income tax and a regular income tax of 30 per cent. The Bank is also subject to final taxes of 7.5 per cent (on the Bank's FCDU deposits with other institutions), 10 per cent (on onshore income from FCDU transactions), and 20 per cent (final withholding tax on tax-paid income).

C. Discussions on Key Variable and Other Qualitative and Quantitative Factors

Vertical and Horizontal Analysis

Financial Condition as of December 2017 vs December 2016:

Total resources as of December 2017 ended at ₱87.3 billion, a 24.2% increase versus last year's ₱70.3 billion. Significant changes (more than 5%) in assets were registered in the following accounts:

- Cash and other cash items declined by 8.8% due to the higher volume of transactions this year
- Due from BSP grew by 5.6% owing to the 28.4% increase in mandatory reserves
- Due from other banks strengthened by 145.7% as a result of the increased placements with other banks
- Trading and investment securities were 65.6% lower due to the limited trading opportunities in 2017
- Loans and other receivables expanded by 37.2% on account of the increase in lending activities
- Bank premises, furniture, fixtures, and equipment dropped by 9.2% as additions were lower in 2017
- Investment properties were down by 5.6% on account of the ₱73.6 million disposal during the year

PBB's total liabilities ended at ₱77.0 billion against 2016's ₱60.7 billion, up by 26.9%.

- Current deposits increased to ₱1.2 billion from ₱1.1 billion in 2016
- Savings deposit as of December 2017 reached ₱26.8 billion, a 15.8% increase
- Time deposits expanded by 31.3% in 2017
- Bills payable stood at ₱1.9 billion as of year-end 2017
- Accrued expenses and other liabilities declined by 11.5% as bills purchased dropped by 54.7% this year

Total equity ended at ₱10.2 billion in 2017, a 6.9% increase over the ₱9.6 billion figure in 2016. Book value per share net of preferred shares increased by 100 basis points from ₱13.9 in 2016 to ₱14.9 in 2017.

Financial Condition as of December 2016 vs December 2015:

As mentioned, the Bank's total resources increased to ₱70.3 billion as of year-end 2016, a 7.1% increase from ₱65.6 billion in 2015. Significant changes (more than 5%) in assets were registered in the following accounts.

- Loans and other receivables expanded by 23.2% from ₱41.7 billion in 2015 to ₱51.4 billion in 2016 due to the reorganization of the Bank's lending unit to streamline its account management process.
- Other resources grew by 5.4% from ₱1.7 billion to ₱1.8 billion YoY.

On the other hand, deposit liabilities grew to ₱58.9 billion compared to last year's ₱55.0 billion, a 7.1% increase.

- CASA increased by 11.8% from ₱21.7 billion in 2015 to ₱24.2 billion in 2016.
- Time deposits as of end December 31, 2016 stood at ₱34.7 billion, a 4.0% growth versus last year's ₱33.4 billion.
- The Bank paid out all of its bills payable amounting to ₱956.3 thousand as of December 31, 2016.
- Accrued expenses and other liabilities dropped by 14.7% YoY from ₱2.1 billion to ₱1.8 billion.

As of year-end 2016, the Bank's capital stood at ₱9.6 billion versus ₱8.5 billion in 2015. Book value per share was at ₱16.7 from ₱14.6 last year.

Financial Condition as of December 2015 vs December 2014:

As mentioned, PBB's assets grew to ₱65.3 billion as of December 31, 2015. This is 13.4% higher as compared to ₱57.9 billion as of December 31, 2014. Significant changes (more than 5%) in

assets were registered in the following accounts.

- Cash and Other Cash items improved by ₱105.3 million or 9.0% from ₱1.2 billion in December 31, 2014 to ₱1.3 billion in December 2015 due to significant increase in the number of branches.
- Due from BSP grew by ₱3.1 billion or 68.5% from ₱4.6 billion in December 31, 2014 to ₱7.7 billion in December 31, 2015 due to increased deposits to BSP as a result of very liquid position during the year 2015.
- Due from other banks increased by ₱794.4 million or 39.1% from ₱2.0 billion in December 31, 2014 to ₱2.8 billion in December 31, 2015 this is an increase in excess cash in vault of branches deposited to our depository bank for transfer to BSP.
- Loans and Receivables grew by ₱1.6 billion or 4.1% from ₱40.1 billion in December 31, 2014 to ₱41.7 billion in December 31, 2015 as a result of deployment of funds to borrowing clients.
- Bank Premises grew by ₱46.9 million or 9.1% from ₱515.8 million in December 31, 2014 to ₱562.6 million in December 31, 2015 due to branch expansion.
- Investment Properties declined by 4.2% or ₱30.0 million from ₱705.7 million in December 31, 2014 to ₱675.8 m in December 31, 2015
- Other resources increased by 87.3% or ₱796.7 million from ₱912.1 million in December 31, 2015 to ₱1.7 billion in December 31, 2014.

On the other hand, PBB's liabilities amounted to ₱57.1 billion as of December 31, 2015. This is ₱87.3 million or 14.6% higher compared to December 31, 2014 level of ₱49.8 billion. This is due to increase in the number of branches and aggressive deposit campaign.

- Bills Payable decreased by ₱308.6 million or 99.7% from ₱309.5 million in December 2014 to ₱956,250 in December 2015.
- Accrued expenses and other liabilities decreased by 27.8% or ₱807.9 million from P2.9 billion in December 31, 2015 to ₱2.1 billion in December 31, 2014.

Shareholder's equity stood at ₱8.5 billion compared to ₱8.0 billion in 2014, a 5.6% increase.

Results of Operations

For the year ended December 31, 2017 vs. December 31, 2016

- Interest income as of 2017 stood at ₱3.9 billion owing to the 33.4% increase in interest income on loans and other receivables.
- Interest expense totaled ₱841.8 million in 2017 from ₱734.7 million in 2016. The 14.6% increase is primarily due to the increase in interest expense from deposit liabilities as the

Bank's deposit portfolio grew by 24.8% and the ₱14.8 million interest expense in bills payable.

- Service charges, fees, and commissions expanded by 32.6% as a result of the increase in lending transactions while miscellaneous income declined by 44.4% owing to the ₱43.0 million drop in fees in relation to services rendered by the Bank as transactions were lower this year versus 2016.
- Operating expenses in 2017 recorded an 11.9% growth primarily due to the increase in salaries and other employee benefits to complement the growing manpower requirements of PBB.
- Core income reached ₱1.0 billion as of December 2017, a ₱338.6 million increase YoY.
- Trading gains dropped to ₱139.1 million due to the limited trading opportunities during the year.
- Impairment losses expanded by 65.9% from ₱157.0 million last year to ₱260.5 million this year resulting in the 4.3% decline in its year-end net income.

For the year ended December 31, 2016 vs. December 31, 2015

- As of year-end 2016, the Bank's interest income grew by 2.1% from ₱3.1 billion to ₱3.2 billion YoY due to the 53.1% increase in interest income from BSP and other banks and the 4.0% growth of interest income from loans and other receivables.
- Overall interest expense declined by 3.1% from ₱758.3 million in 2015 to ₱734.7 million in 2016 largely due to the 99.6% decrease in interest expense on bills payable in 2016 from ₱3.3 billion to ₱12.8 thousand.
- Service charges, fees, and commissions grew by ₱19.0 million or 14.4% YoY and miscellaneous income by 15.4% from ₱73.4 million in 2015 to ₱84.7 million in 2016.
- Trading gains expanded by 382.7%, bringing the total for full year 2016 ₱335.4 million compared to last year's ₱69.5 million.
- Non-interest expenses increased by 13.1%, or ₱232.3 million, from ₱1.8 billion in 2015 to ₱2.0 billion in 2016 as a result of the Bank's initiative to expand its branch network.
- Pre-tax pre-provision profit expanded by 17.6% or ₱154.0 million from ₱877.5 million in 2015 to ₱1.0 billion in 2016 largely due to the ₱265.9 million increase in trading gains.
- As a result, net income as of December 31, 2016 strengthened by 33.2% from ₱502.1 million as of year-end 2015 to ₱668.6 million, a ₱166.5 million increase.

For the year ended December 31, 2015 vs. December 31, 2014

- PBB's interest income increased from ₱2.8 billion in 2014 to ₱3.1 billion in 2015 largely

due to the increase in loan volume to ₱41.7 billion in 2015 from ₱40.1 billion in 2014. Another factor is the increase of securities purchased under reverse repurchase agreements from ₱545.8 thousand in 2014 to ₱1.9 million in 2015. Interest due from BSP increased from ₱37.2 million in 2014 to ₱69.7 million due to the increase in volume of Deposit from BSP to cover deposit liability reserves.

- Overall interest expense expanded from ₱600.6 million in 2014 to ₱758.3 million in 2015, up 26.3% or ₱ 157.7 million generally because of the significant boost in the general deposit of 18.01%. Volume of deposit expanded from ₱46.6 billion in 2014 to ₱55.0 billion in 2015.
- Service charges, fees and commissions increased by 3.9% YoY, while Miscellaneous income declined by ₱70.7 million or 49.1%.
- Trading gains increased by ₱34.6 million resulting in ₱69.5 million for this year.
- Service charges, fees and commissions expanded to ₱132.4 million, or a 3.9% growth YoY, while Miscellaneous income decreased by ₱70.7 million resulting in ₱73.4 million. This decrease in miscellaneous income caused the 13.5% decrease in the core income.
- Non-interest expenses grew by 13.2% YoY as the Bank continued its expansion of its branch network and added manpower to handle its expanding business volume.
- Net income amounted to ₱502.1 million, which is 6.4% lower YoY from last year's ₱536.2 million.

Cash Flows

The following table sets forth selected information from PBB's statements of cash flows for the periods indicated:

	For period ended December 31		
	2015	2016	2017
Cash and cash equivalents, beginning of the year	7,760.03	11,777.92	9,362.20
Net cash provided by (used in) operating activities	5,878.80	(9,737.40)	(398.20)
Net cash provided by (used in) investing activities	(1,552.36)	7,258.77	1,657.72
Net cash provided by (used in) financing activities	(308.57)	(956.25)	1,854.52
Net increase (decrease) in cash and cash equivalents	4,017.89	(2,479.59)	3,114.05
Cash and cash equivalents, end of the year	11,777.92	9,362.20	12,476.25

Net Cash Flow Provided By (Used In) Operating Activities

Net cash flow provided by operating activities is composed of deposits generated and loans and

receivables. As of December 31, 2017, net cash used in operating activities amounted to a negative ₱398.2 billion. During this time, the Bank expanded its loans and receivables by ₱19.1 billion while deposits grew by ₱14.6 billion. Impairment losses for the year also expanded by 65.9% to ₱260.5 million. As of the years ended December 31, 2016 and 2015, cash flow from operating activities was negative ₱9.7 billion and ₱5.9 billion respectively.

Net Cash Flow Provided By (Used In) Investing Activities

Net cash flow provided by or used in investing activities involves the purchase and sale of available for sale securities and held-to-maturity investments, capital expenditure, and proceeds from the disposal of investment and other properties. As of December 31, 2017 net cash used in investing activities amounted to ₱1.7 billion, with funds generated mainly from the proceeds from sale of investments amounting to ₱4.8 billion. Net cash used in investing activities for 2015 and 2016 were negative ₱1.6 and ₱7.3 billion.

Net Cash Flow Provided By (Used In) Financing Activities

Net cash flow provided by financing activities is mainly composed of the availment and settlement of the Bank's bills payable and payment of cash dividends. As of December 31, 2017, PBB recorded a use of cash flow from financing activities of ₱1.9 billion to avail bills payable net of the ₱79.2 million payment of cash dividends.

Capital Resources

The Bank is required to comply with the capital adequacy requirements based on the requirements for stand-alone thrift banks under BSP's Circular No. 688 issued in May 26, 2010.

The following table sets out details of the Bank's capital resources and capital adequacy ratios (as reported to the BSP).

₱ millions	As of the years ended December 31		
	2015	2016	2017
Tier 1 capital	8,709	9,241	9,809
Tier 2 capital	376	470	678
Total qualifying capital	9,085	9,711	10,487
Risk weighted assets	51,340	57,154	74,920
Tier 1 capital ratio	17.0	16.2	13.1
Total capital ratio	17.7	17.0	14.0

Known trends, demands, commitments, events or uncertainties

There are no known demands, commitments, events or uncertainties that will have a material impact on the Bank's liquidity within the next twelve (12) months.

Events that will trigger direct or contingent financial obligation

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

Material off-balance sheet transactions, arrangements or obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unsolicited entities or other persons created during the reporting period other than those disclosed in the financial statements.

Significant Elements of Income or Loss

Significant elements of the consolidated net income for the period ended December 31, 2016 and 2017 came from its continuing operations.

Seasonal Aspects

There are no seasonal aspects that had a material effect on the Bank's financial position and results of operations.